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

REPORT ON PROCUREMENT AND DISPOSAL AUDIT FOR MINISTRY OF WATER AND ENVIRONMENT FOR FINANCIAL YEAR 2024/2025

JUNE 2026

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Acronyms

ESHS	Environmental, Social, Health and Safety
FY	Financial Year
GCC	General Conditions of Contract
LTD	Limited
MoFPED	Ministry of Finance, Planning and Economic Development
MOWE	Ministry of Water and Environment
NCONS	Non-Consultancy Services
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SCC	Special Conditions of Contract
SUPLS	Supplies
UGX	Uganda Shillings
WRKS	Works

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Ministry of Water and Environment for the Financial Year 2024/2025 and reviewed 14 sampled procurement and disposal transactions.

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

From the findings of the procurement and disposal audit, the performance of Ministry of Water and Environment for FY 2024/2025 was **Moderately Satisfactory** with an overall weighted average risk rating of **35%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

Despite the satisfactory performance, the following key exceptions were noted during the audit:

1. Unimplemented procurements: Although the procurement plan implementation rate was 89.2%, some planned procurement activities were not undertaken during the year. Specifically, procurements valued at UGX 894,040,781,193 were not executed contrary to Section 60 (7) of the PPDA Act Cap 205. This affected service delivery to the intended beneficiaries. In addition, the Entity did not maintain and submit monthly reports for all procurements conducted on and off eGP including donor funded procurements.

2. Failure to conduct a market price assessment for the Station Wagon that replaced the 4WD Double Cabin Pick-up contrary to Regulation 5 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 requires the Accounting Officer to conduct market price assessment. In the procurement for civil works for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe Lots 1&2, there was a requirement for supply of One 4WD double-cabin pickup which was priced at UGX 350 million plus UGX 60 million in running costs over 15 months (equivalent to UGX 4 million per month after the first 5,000 km) under the preliminaries. Through technical discussion, a higher-specification vehicle (Land Cruiser Prado 2.8 DSL 8AT Adventure) was subsequently delivered as a substitute at the same contract sum. There was no evidence that prior to the above discussions, a market price assessment was conducted to ascertain the market value of the Station Wagon. Additionally, there was no evidence that value for money was achieved or that the substituted vehicle was fit for purpose.

3. Failure to dispose all obsolete items: Although the Entity disposed of some items during the financial year under review, a significant number of obsolete assets identified in the Board of Survey report across various districts (Mbarara, Wakiso, Lira, Mbale, Entebbe, and Kyenjojo) remain undisposed. Several obsolete vehicles and other assets were still lying within the Entity's premises contrary to Regulation 2(1) of the PPDA (Disposal) Regulations, 2023.

4. Slow progress of works in the procurement for the construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under lot 2 worth UGX 32,558,329,520: The monthly progress report of April 2026 indicated that physical progress was at 22.5% against 77.5% of construction time with 11.73% certified works. This represents a significant shortfall against the expected rate of progress. The contractor is unlikely to complete the works within the stipulated contract period of 12 months.

5. Inadequate execution of river desilting and protection works: The Authority noted that despite payment of UGX 1,313,247,075 to Afro Infra (U) Ltd in the procurement for periodic maintenance of river Nyamwamba in Kasese district under framework contract, the desilting process was inadequately performed since there are still large stones and gravel restricting water flow to a narrow path contrary to Regulation 52 (1) (b) of the PPDA (Contract) Regulations, 2023. This exposed the riverbanks and surrounding areas to a high risk of erosion and flooding during periods of high-water flow.

6. Irregularities at evaluation of bids were noted in two procurements worth UGX 4,387,504,745.39 that comprised of award of contracts to a non-compliant bidder which hindered fairness and contravened the principles of public procurement as enshrined in Section 46 of the PPDA Act Cap. 205.

In the light of the above, the Authority recommends the following:

1. The Accounting Officer should:

i) Review and update the procurement plan on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act Cap. 205. Additionally, all procurements conducted by the Entity including those funded by development partners and executed off the E-GP System should be captured and reported in the monthly procurement reports submitted to the Authority in accordance with Regulation 15 of the Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2023 and Circular No.5 dated 12th August 2025 on electronic submission of monthly reports and procurement and disposal plans without exception.

ii) Conduct a market price assessment of the 4WD double-cabin pickup and the Land Cruiser Prado delivered against the market rates (as at when the supply was made) and where overpricing is confirmed, appropriate remedial action including recovery of any amounts paid in excess of the market value should be done in accordance with Section 51 of the PPDA Act Cap. 205. In addition, a report on the same should be submitted to the Authority by 30th August 2026.

iii) Expedite the valuation of outstanding assets and dispose them in order to avoid further deterioration of the assets that will deprive the Entity from obtaining value for money from their sale following the methods recommended in the Public Procurement and Disposal of Public Assets (Disposal of Assets) Regulations, 2023.

iv) The Accounting Officer should direct the Contract Management Team in the procurement for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under lot 2 to engage the Contractor to develop and submit a recovery programme with clear milestones to bring the works back on schedule. Where the Contractor fails to demonstrate adequate capacity to accelerate progress, the Entity should consider invoking the performance security including assessment of liquidated damages. The team should also enhance site supervision to ensure timely completion and delivery of the intended services to the beneficiaries in accordance with Regulation 52 (1) of the PPDA (Contract) Regulations, 2023.

v) Strengthen contract management oversight for all ongoing and future works contracts on river Nyamwamba by ensuring that the Contract Manager conducts regular site inspections at key construction milestones, maintains site inspection reports and withholds payment certification until all works covered in the Call Off Order have been physically verified as complete and compliant with the contractual specifications in accordance with Regulation 52(1) of the PPDA (Contracts) Regulations, 2023.

2. The Evaluation Committees should strictly adhere to the evaluation criteria outlined in the bidding documents and firms that do not comply should be eliminated in accordance with Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2023.

The Ministry of Water and Environment should implement the recommended action plan on pages 26 to 28.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Ministry of Water and Environment for the Financial Year 2024/2025 and reviewed 14 sampled procurement and disposal transactions. 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, the PPDA Regulations, 2023 and PPDA Guidelines.

1.2 Audit Objectives

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

The specific objectives of the audit were to:

1. Establish the level of compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines;
2. Assess the degree of compliance with the PPDA Act Cap. 205 and PPDA Regulations, 2023 in the conduct of disposal activities; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements where applicable.

1.3 Structure of the Entity

The Ministry of Water and Environment (MWE) is responsible for setting national policies, standards, and managing water and environment resources in Uganda. It works to ensure sustainable management, development, and equitable access to water and sanitation services for all Ugandans.

According to Section 28 of the PPDA Act Cap. 205, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity. The Accounting Officer of Ministry of Water and Environment during the Financial Year under review was Dr. Alfred Okot Okidi, the Permanent Secretary.

The Permanent Secretary/Secretary to the Treasury of the Ministry of Finance, Planning & Economic Development approved the members of the Contracts Committee listed in Table 1 below:

Table 1: Membership of the Contracts Committee

No	Name	Position on Committee	Date of Appointment
1.	Eng. Olweny Lamu	Chairman	21st August 2024
2.	Mr. Hussein Limlim Mubuya	Secretary	29th February 2024

No	Name	Position on Committee	Date of Appointment
3.	Eng. Steven Ogwete	Member	21st August 2024
4.	Eng. Ronald Katalo	Member	21st August 2024
5.	Ms. Charity Nabaasa	Member	7th March 2024

According to Section 33 of the PPDA Act Cap 205, all procurement or disposal activities of the Procuring and Disposing Entity except adjudication and the award of contracts were to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Mike Duncan Tumwikirize. ***(Appendix 3)***

1.4 Audit scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation of 14 transactions under Financial Year 2024/25. ***(Appendix 2).*** The sample was selected based on stratified random sampling using monthly procurement and disposal reports as indicated in the Table 2 below:

Table 2: Population and Sample Breakdown by Procurement Method

	POPULATION			SAMPLE	PERCENTAGE		
No	**Procurement method**	**Value (UGX)**	**No**	**Value (UGX)**	**No.**	**No%**	**Value%**
1	Open Domestic Bidding	694,040,781,193.00	78	66,295,577,208.21	11	14.1	9.6
2	Open International Bidding	173,452,236,863.00	25	51,233,150,096.00	2	8	29.5
3	Restricted Domestic Bidding	1,679,705,867.00	4	398,000,000	1	25	23.7
4	Request for Quotation	24,844,957,034.00	116	0	0	0	0
5	Micro Procurements	23,100,236.00	6	0	0	0	0
	TOTAL	**894,040,781,193.00**	**229**	**117,926,727,304.21**	**14**	**47.1**	**63**

**The population is exclusive of procurements conducted on E-GP System since data could not be retrieved due to system challenges.*

1.5 Audit Methodology

On 2nd September 2025, the Entity was notified about the audit exercise. A sample of 14 procurement transactions conducted in the Financial Year 2024/2025 was selected based on stratified random sampling. An audit launch meeting was held on 10th September 2025 between the audit team and the Entity's officials.

Two officers conducted the exercise under the supervision of the Manager, Performance Monitoring. During the exercise, the team examined records and documents of the sampled procurement transactions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes.

On completion of file review, the audit team met with various stakeholders to discuss and obtain clarifications on some of the preliminary findings. A debrief meeting was held on 23rd April 2026 between the audit team and the Entity's officials. A management letter was issued to the Entity for management's response on 19th May 2026 and the Entity's responses to the raised issues were received on 10th June 2026. The exit meeting was held on 10th June 2026 at PPDA Head Office, PPDA-URF Towers, Nakasero Road, Kampala.

On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contained a detailed chronology of findings on each of the sampled transactions. The audit report presents the key findings and conclusions arising from the audit.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 Compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines

2.1.1 Low procurement plan implementation rate

Section 60 (2) (d) of the PPDA Act Cap. 205 provides 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 programme*". The Authority reviewed the Entity's procurement plan for the Financial Year (FY) 2024/2025) and found that the Entity did not implement **10.8%** of its procurement plan creating a variance of UGX 894,040,781,193 as indicated in Table 3 below:

Table 3: Procurement Plan Implementation

Analysis of procurement spend	
Total procurement budget/plan value inclusive VAT (UGX)	1,002,181,017,561
Total procurement spend value inclusive VAT (UGX)	516,436,000,000
Procurements conducted off the EGP System funded by different development partners	377,604,781,193
Procurement plan implementation (%)	89.2%
Budget Variance (UGX)	894,040,781,193

Source: *Procurement plan generated from EGP. Implementation/Absorption generated from budget.fininace.go.ug for FY 24/25.*

Implication

Procurements worth UGX 894,040,781,193 were not implemented which affected service delivery and deprived Users of the value that would have been derived from these procurements.

Management response

The audit observation is noted;

The Ministry prepares a consolidated Procurement Plan covering both Government of Uganda (GoU) funded and donor-funded procurements. However, currently only GoU-funded procurements are processed through the Electronic Government Procurement (e-GP) system, while donor-funded procurements continue to be conducted offline in accordance with the respective donor requirements. The value of procurements conducted offline under various donor guidelines came to a tune of UGX 377,604,781,193. Consequently, increasing the total value of procurements implemented to UGX 894,040,781,193 increasing the procurement plan implementation rate to 89.2%.

Management notes that this limitation of the e-GP system has been a longstanding concern raised with the relevant authorities, and assurance has been provided that the enhanced e-GP system will address this gap by enabling comprehensive capture and reporting of all procurements, including donor-funded procurements. The MOFPED has committed to have the re-engineered eGP system by 1st July, 2026.

Authority's Comment

The Authority takes note of Management's response. While it is acknowledged that donor-funded procurements worth UGX 377,604,781,193 were conducted offline in accordance with respective donor requirements thereby increasing the implementation rate to 89.2%, the Authority observes that the Entity did not report these procurements through the mandatory monthly procurement reports as required under Regulation 15 of the Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2023. This omission prevented the Authority from accessing, monitoring and following up on procurements conducted by the Entity during the financial year, which is indicative of a lack of transparency in the conduct of the Entity's procurement and disposal function. The Authority therefore maintains the finding.

Recommendation

The Accounting Officer should review and update the procurement plan on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act Cap. 205. Additionally, all procurements conducted by the Entity including those funded by development partners and executed off the E-GP System should be captured and reported in the monthly procurement reports submitted to the Authority in accordance with Regulation 15 of the Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2023 and Circular No.5 dated 12th August 2025 on electronic submission of monthly reports and procurement and disposal plans without exception.

2.1.2 Failure to fully implement previous audit recommendations

Section 10 (1) (a) of the PPDA Act Cap 205 states that "*where there is persistent breach of this Act or Regulations made or Guidelines issued, under this Act, the Authority may direct the concerned Procuring and Disposing Entity to take such corrective action, as may be necessary in the circumstances, to rectify the breach*".

The Authority conducted a procurement and disposal audit of Ministry of Water and Environment in the FY 2023-2024 and made recommendations therein. The audit noted that out of six previous recommendations made, four recommendations (67%) were implemented while two (33%) were partially implemented as indicated in Table 4 below:

Table 4: Previous audit recommendations that were partially implemented

No	Recommendation	Audit observation	Management Response
1.	The Accounting Officer should task the Evaluation Committee members to show cause why disciplinary action should not be taken against them for failure to adhere to the criteria set out in the solicitation document in accordance with Regulation 7 of the PPDA (Evaluation)	Non-adherence to the evaluation criteria was noted in four procurements worth UGX 17,198,687,419 Additionally, there was no evidence that the Accounting Officer held	*The audit observation is noted.* *Management has reminded Evaluation Committees to adhere to the timelines stipulated in the PPDA (Evaluation)*

No	Recommendation	Audit observation	Management Response
	Regulations, 2023.	the Evaluation Committee's responsible for the breach in the previous audit recommendations	*Regulations, 2023 and, where necessary, to seek written extensions from the Accounting Officer in accordance with the Regulations.* *However, the Entity is also conducting capacity building of staff in a phased manner in a bid to bridge the knowledge gap.*
2.	Chairpersons of Evaluation Committees should always ensure that evaluation is completed within the stipulated time limits as per Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023. In the event that the Evaluation Committee is unable to complete the evaluation of bids within the prescribed time, the Evaluation Committee should in writing explain to the Accounting Officer the reasons for this and request for extension of the time period for the evaluation exercise in accordance with Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2023.	Delays at evaluation were noted in two procurements worth UGX 7,083,436,137	*The audit observation is noted.* *Management acknowledges the recommendation and commits to implementing the Authority's recommendations in accordance with Section 10(1) of the PPDA Act, Cap. 205.*

Implication

Failure to implement audit recommendation leads to recurrence of audit findings, increases operational and compliance risks and undermines continuous improvement efforts.

Recommendations

The Accounting Officer should:

i. Establish a monitoring mechanism within the Procurement and Disposal Unit to track evaluation timelines across all procurements and escalate delays to the Accounting Officer in real time in accordance with Regulation 4 (2) of the PPDA (Evaluation) Regulations, 2023 so as to prevent recurrence of evaluation delays in future procurements.

ii. Implement all outstanding audit recommendations from the FY 2023-2024 audit and evidence of implementation should be documented and availed to the Authority. Failure to implement the recommendations the Authority shall evoke Section 10 (1) (a) of the PPDA Act Cap. 205.

2.1.3 Limited competition

Section 49 of the PPDA Act Cap. 205 states that "all procurement and disposal shall be conducted in a manner to maximise competition and achieve value for money." The audit revealed that the Entity conducted procurements in a manner that limited competition as follows:

1. **Inadequate and restrictive technical specifications**

Regulation 35 (2) (d) of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 provides that specifications shall contain a complete, precise and unambiguous description of the supplies required and shall include a generic specification to an appropriate level of detail. The Authority noted inadequate and restrictive specifications in three procurements worth UGX 3,108,590,095 as detailed in Table 5 below:

Table 5: Procurements with inadequate and restrictive specifications

No	Subject of Procurement	Exceptions noted	Management Response
1.	Procurement of a station wagon motor vehicle for ITWA worth UGX 398,000,000 by Mighty Rides	**Restrictive technical specifications**. The technical specifications were restrictive and tailored to favour a single brand (Toyota Land Cruiser 250/300 Series). Requirements such as minimum 500 Nm torque, dual 110-litre fuel tanks, full-time 4WD with Multi-Terrain Select (MTS), specific suspension and advanced in-vehicle technology features went beyond the actual operational needs. As a result, only one bidder Mighty Rides Ltd participated out of the six bidders (Suma Bolt Logistics Limited, Maybach Motors Ltd, Hash Auto & Motor Repairs - SMC Limited, Victoria Motors Ltd and Spear Motors Limited) that were shortlisted and issued the bidding documents rendering the procurement non-competitive contrary to the principles of open, fair and transparent competition.	*The audit observation is noted.* *The technical specifications were not arbitrarily developed to favour a particular brand or bidder. They were derived from the operational requirements of the Entity and were reviewed and approved by the Ministry of Works and Transport (see copy attached as Annex 3), which is the Government's mandated technical authority responsible for setting and guiding standards for Government motor vehicles.* *The requirements relating to engine performance, torque capacity, fuel tank configuration, four-wheel drive capability, suspension system and safety/technology features were informed by the intended operational environment and usage conditions of the vehicles, including difficult terrain, long-distance field operations and reliability considerations. As such, the specifications were aimed at*

No	Subject of Procurement	Exceptions noted	Management Response
			ensuring value for money, durability, safety and fitness for purpose rather than restricting competition. *Furthermore, the procurement process remained transparent as all shortlisted bidders were given equal opportunity to participate and submit bids in accordance with the solicitation document. The fact that only one bidder eventually submitted a responsive bid does not in itself imply that the specifications were restrictive, but may be attributable to individual bidder business decisions, market availability or capacity to meet the approved technical requirements.*
2.	Construction works for Supply and Installation of HDPE tanks by Solar Nation-SMC Limited UGX 960,992,000	**Inappropriate requirements for a supply-based contract to supply $10m^3$ HDPE tanks.** The requirements included; high-level technical personnel (Project Manager, Engineers, Surveyor, Environmental Officer, and Sociologist) and heavy equipment (tipper truck, backhoe loader, concrete mixer, dewatering pump). The above requirements were ambiguous, inconsistent and deterred fair competition potentially excluding capable bidders and undermining value for money.	*The audit observation is noted.* *Whereas the equipment was described as "heavy," the requirement is basic and limited to standard construction equipment necessary to execute the civil works component of the project, including a tipper truck, backhoe loader, concrete mixer, and dewatering pump to handle the civil works.* *It should also be noted that this procurement was not purely a supplies contract, but rather a mixed procurement involving both supply and installation works, including associated civil works necessary for successful implementation of the project.* *The scope of works under the procurement included civil works, particularly the construction of platforms to support the tanks at the respective sites. In this regard,*

No	Subject of Procurement	Exceptions noted	Management Response
			it was considered necessary to require key technical personnel, including an Engineer and a Surveyor, to ensure proper design interpretation, site setting-out, supervision, and quality assurance of the civil works. *Furthermore, given that the project was being implemented across multiple sites (80 No) countrywide, the requirement for a Project Manager was considered necessary to coordinate and oversee the overall implementation of the project to ensure timely delivery and consistency in execution across all locations.* *The inclusion of a Sociologist and Environmental Officer was intended to address Environmental and Social Safeguards requirements, including community engagement, environmental compliance, and mitigation of any potential social and environmental impacts associated with the project activities.*
3.	Periodic Maintenance of River Nyamwamba in Kasese District under Framework Contract by Afro Infra (U) Ltd worth UGX 1,749,598,095	**Ambiguity in pricing and contract duration**. Although the procurement was a three-year framework contract, the Bill of Quantities did not clearly define key commercial terms. Bidders (P&D Traders and Contractors Ltd and Afro Infra (U) Ltd) quoted a lumpsum price of UGX 1,693,651,050 without any breakdown or clarification on whether the amount covered the full three years or only the first call-off order. Additionally, it was not	• *This is a framework contract where the bid established fixed unit rates for a period of 3 years.* • *Specific implementation quantities and locations are determined by call-off orders.* • *Conditions of Contract, Clause SCC 1.1 (ee), SCC 22.1 and SCC 46.2 is very clear on the duration and pricing (Appendix 1.5.3.3 refers).* • *This is a predominantly equipment-based contract entailing mobilization against*

No	Subject of Procurement	Exceptions noted	Management Response
		specified how costs such as mobilization, demobilization and office setup were to be treated across the framework period. Furthermore, the contract duration remained unclear i.e whether works were to be executed within four months as per GCC 22.1 or over a fixed 18 months as per GCC 56.1.	*each call-off order. However, office setup and removal are fixed one-off payments.* • *The contract document is very clear on timelines.* • *The total duration of the framework contract is 3 years (Form of Agreement), during which call-off orders can be issued.* • *The 4-month period (GCC 22.1) refers to the execution time for a single call-off order, while the 18-month period (GCC 56.1) refers to the duration for which the framework unit rates remain fixed against inflation before a revision is allowed.*

Implications

- Tailoring specifications to favour a specific brand contravene the principles of public procurement that require specifications to be objective and not ambiguous to attract maximum competition.
- The absence of competitive bidding deprives the Entity of an opportunity to compare prices and obtain the most economical option thus compromising value for money.
- The ambiguity in the BOQ and contract terms created uncertainty in pricing, scope and duration, increasing the risk of misinterpretation, inflated costs and poor value for money. This non-compliance weakened the procurement process and undermined effective contract management.

<u>Authority's Comment</u>

Issue 1: Procurement of a station wagon motor vehicle for ITWA by Mighty Rides

The Authority takes note of the Management's response but does not find it sufficient to resolve the finding. While Management contends that the specifications were derived from operational requirements and reviewed by the Ministry of Works and Transport, the core concern raised by the Authority is that the specific combination of requirements including a minimum 500 Nm torque, dual 110-litre fuel tanks, full-time 4WD with Multi-Terrain Select (MTS) and advanced vehicle technology features are characteristics uniquely associated with a specific vehicle brand and model (Toyota Land Cruiser 250/300 Series) rather than generic performance-based standards applicable across multiple brands. The fact that only one out of six shortlisted bidders submitted a responsive bid is a direct and objective indicator that the specifications had a restrictive effect on competition regardless of whether this was the intended outcome. Approval by the Ministry of Works and Transport does not in itself validate specifications that produce anti-competitive outcomes. The Authority therefore maintains the finding.

Issue 2: Construction works for Supply and Installation of HDPE tanks by Solar Nation-SMC Limited

The Authority takes note of the Management's response and acknowledges that the procurement involved both a supply and civil works component which may justify some personnel and equipment requirements. However, the Authority's concern is on the appropriateness and proportionality of the requirements in relation to the nature and scope of the procurement. Requiring high level technical personnel such as an Environmental Officer and a Sociologist for a procurement that is primarily centered on the supply and installation of HDPE tanks at multiple sites introduces requirements that go beyond what is reasonably necessary for the execution of the works and that may deter capable suppliers from participating and unnecessarily raise project costs. Furthermore, the Authority notes that the mixed nature of the procurement combining supply and installation works should have been clearly communicated in the solicitation document from the onset to enable all prospective bidders to adequately respond to the requirements. The Authority therefore maintains the finding.

Issue 3: Periodic Maintenance of River Nyamwamba in Kasese District under Framework Contract by Afro Infra (U) Ltd

The Authority takes note of the Management's response but does not find it sufficient to fully resolve the finding. The fact that both bidders awarded in the framework quoted lumpsum amounts without a breakdown and the Bill of Quantities did not clearly define whether the quoted amounts covered the full three-year period or individual call-off orders indicates that the bidding document was inadequate. This ambiguity creates a material risk of misinterpretation of contract obligations, disputes during implementation and inflated costs. The Authority therefore maintains the finding.

Recommendations

1. The Head, Procurement and Disposal Unit should:

i. Guide the User Departments when developing specifications for motor vehicles and other supplies to adopt generic, performance-based terms that describe the operational requirements of the Entity without referencing or implying a specific brand, model or manufacturer in accordance with Regulation 35(2) (d) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

   Additionally, where approval of specifications by the Ministry of Works and Transport is required User Department should ensure that the submitted specifications are generic and performance-based before forwarding for approval, so that the review process does not serve to validate restrictive requirements.

ii. Ensure that qualification criteria and technical requirements in solicitation documents are proportionate to the actual scope, value and complexity of the procurement and do not include requirements that go beyond what is reasonably necessary for successful contract execution in accordance with Regulation 35 (2) (d) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

   Additionally, where a procurement involves both supply and works components, the mixed nature of the contract should be explicitly stated in the solicitation documents and the statement of requirements should clearly distinguish the supply from the works obligations so as to eliminate ambiguity and promote fair and open competition in accordance with Section 64 (2) of the PPDA Act Cap. 205.

iii. Require that all Bills of Quantities for framework contracts clearly specify whether quoted prices apply to individual call-off orders or to the full framework period. In addition, all commercial terms including mobilization, demobilization, office setup costs should be explicitly defined in the bidding documents prior to issuance to bidders in accordance with Regulation 37 of the (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.4 Irregularities at evaluation of bids

Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2023 provides that an Evaluation Committee shall not, during an evaluation, make an amendment or addition to the evaluation criteria stated in the bidding document, and shall not use any other criteria other than the criteria stated in the bidding document.

The Authority noted irregularities in the evaluation of bids in the procurements detailed in Table 6 below:

Table 6: Procurements with irregularities at evaluation

No	Subject of Procurement	Exceptions noted	Management Response
1.	Construction of Bulangira Town Water Supply Systems under WSDF-E by Kethan Enterprises Limited worth UGX 3,426,512,745.39	**Non-compliance with key personnel requirements for pipe works foreman:** The bidding documents required that the Pipe Works Foreman must hold a minimum Higher Diploma in Water Engineering. However, the successful bidder, Kethan Enterprises Limited proposed Mayamba David Jackson who possesses only an Ordinary Diploma in Water Engineering and a Higher Diploma in Construction (Building and Civil Engineering). A Higher Diploma in Building and Civil Engineering although related is not equivalent to a Higher Diploma in Water Engineering required for the water supply project and thus should have been eliminated by the Evaluation Committee.	*The audit observation is true.* *However, the proposed staff possesses vast experience and the courses studied under diploma in water engineering are related and fully covered under civil and building with more in-depth study and vast spectrum of practical skills.* *So, it is to the advantage of the project to deploy personnel with higher diploma in Civil and building Engineering because of their versatility and comprehensive knowledge on relevant topics.*
2.	Construction works for Supply and	**Failure by the Best Evaluated Bidder to provide mandatory**	*The audit observation is noted.*

No	Subject of Procurement	Exceptions noted	Management Response
	Installation of HDPE tanks by Solar Nation by SMC Limited at UGX 960,992,000	**evidence of past experience and key activity execution (no certificates of completion or contracts) and past experience requirements:** The bidding documents required bidders to demonstrate relevant experience under contracts (as main contractor, subcontractor or management contractor) for **at least the last five (5) years** prior to the bid submission deadline, with activity of **at least six (6) months in each year**. However, Solar Nation SMC Ltd did not provide the required supporting evidence such as certificates of completion or substantial completion. This amounted to a material deviation from the evaluation criteria. The Evaluation Committee should have rejected the bid for failing to meet this mandatory requirement but it was selected as the Best Evaluated Bidder.	*The bidder submitted the required documentation in support of the past experience requirements, and the submissions were found satisfactory upon review. The supporting evidence was uploaded under the post-qualification section of the eGP system. However, the Entity is currently unable to access the relevant attachments due to system access limitations.*

Implication

Failure to adhere to the evaluation criteria during evaluation hinders fairness and contravenes the principles of public procurement as enshrined in Section 46 of the PPDA Act Cap 205.

Authority's Comments

Issue 1: Construction of Bulangira Town Water Supply Systems under WSDF-E by Kethan Enterprises Limited

The Authority takes note of Management's response but does not find the justification sufficient to resolve the finding. Whereas the bidding documents set a specific requirement for a Higher Diploma in Water Engineering for the Pipe Works Foreman position, the proposed personnel, Mayamba David Jackson did not meet the specific requirement. The Evaluation Committee irregularly substituted the qualifications at evaluation stage which contravened Regulation 5(2) of the PPDA (Evaluation) Regulations, 2023 which expressly prohibits the use of criteria other than those stated in the bidding document during evaluation. The Authority maintains the finding.

Issue 2: Construction works for Supply and Installation of HDPE tanks by Solar Nation by SMC Limited

The Authority takes note of the Management's response; however, this was not supported by any documentation and thus was unable to verify the existence or adequacy of the mandatory past experience requirement in the bidding document. In the absence of this evidence, the evaluation outcome cannot be validated. This constituted a material breach of the evaluation criteria and exposed the Entity to a risk of awarding a contract to a firm that lacked the experience to deliver the works to the required standard. The Authority maintains the finding.

Recommendations

- The Accounting Officer should direct Kethan Enterprises Limited to replace Mayamba David Jackson with a qualified Pipe Works Foreman holding a Higher Diploma in Water Engineering as originally specified, and submit certified copies of the replacement's academic credentials for verification by 30th July 2026.

- Evaluation Committees should strictly adhere to the evaluation criteria outlined in the bidding documents and bidders that do not comply should be eliminated in accordance with Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2023.

2.1.5 Failure to conduct a market price assessment for the Station Wagon that replaced the 4WD Double Cabin Pick-up

Section 51 of the PPDA Act Cap. 205 provides that all procurement and disposal shall be conducted in a manner which promotes economy, efficiency and value for money.

Regulation 5 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 requires the Accounting Officer to conduct market price assessment.

In the procurement for civil works for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe Lots 1&2, the Authority noted that under the preliminaries, there was a requirement for supply of One 4WD double-cabin pickup which was priced at UGX 350 million plus UGX 60 million in running costs over 15 months (equivalent to UGX 4 million per month after the first 5,000 km). The audit further noted that during technical discussions with the provider, the Pick-up was replaced with a Station Wagon which had higher specifications but the cost remained the same. However, there was no evidence that prior to the above discussions, a market price assessment was conducted to ascertain the market value of the Station Wagon. There was no evidence to confirm that the cost at which the Station Wagon was obtained achieved value for money for the Entity.

Implication

Without market price assessment, there is no guard against overpricing in the contract which undermines value for money.

<u>Management Response</u>

The audit observation is noted.

The Evaluation Committee observed that the quoted price of UGX 350 million for one 4WD double-cabin pickup under Item A221.2 appeared high and consequently recommended that the *matter be addressed during technical discussions with the Best Evaluated Bidder, M/s C & G Andijes Group Ltd.*

Following the discussions, it was agreed that the contractor would instead provide a higher-specification vehicle, specifically a Land Cruiser Prado (2.8 DSL 8AT Adventure), which was subsequently delivered upon instruction by the Contract Management Team.

Authority's Comment

The Authority notes that while the Evaluation Committee identified the quoted price as high and recommended that it should be addressed during technical discussions with the Best Evaluated Bidder, the contractor subsequently delivered a higher-specification vehicle (Land Cruiser Prado 2.8 DSL 8AT Adventure) in place of the originally priced vehicle without a formal contract amendment or variation order. This raised concerns on whether the Entity obtained value for money.

The Authority further notes that resolving an overpricing concern through an upgrade in vehicle specifications rather than a reduction in price does not address the substantive issue. The Entity still paid UGX 350 million for the vehicle. The upgrade did not in itself demonstrate that the price paid was reasonable or justified. Additionally, the Authority questions whether the substituted vehicle was fit for purpose, given that the vehicle was procured specifically for contract monitoring activities, therefore the upgrade was not justified as well.

Recommendation

The Accounting Officer should conduct a market price assessment of the Land Cruiser Prado that was delivered against the market rates (as at when the supply was made) in accordance with Regulation 5 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 and where overpricing is confirmed, appropriate remedial action including recovery of any amounts paid in excess of the market value should be done in accordance with Section 51 of the PPDA Act Cap. 205. In addition, a report on the same should be submitted to the Authority by 30th August 2026.

2.1.6 Delays at different stage in the procurement process

Section 129 (f) of the PPDA Act Cap. 205 provides that a person commits an offence who delays contrary to the requirements of this Act the opening of bids, the evaluation of bids or making an award decision.

Section 51 of the PPDA Act Cap. 2025 provides that all procurement and disposals shall be conducted in a manner which promotes economy, efficiency and value for money. Contrary to this, the audit noted the following delays in procurement processes as detailed in Table 7 below:

Table 7: Delays at different stages of the procurement process

No	Subject of Procurement	Delays noted	Management Response
1.	Construction works for Supply and Installation of HDPE tanks MoWE/WRKS/24-25/00219	**Delay at initiation by 24 working days:** Whereas the Form 5 was raised on 23rd September 2024 by the User Department, the Accounting	*The delay in confirming funds availability arose due to administrative processes related to budget verification and cash flow management.*

No	Subject of Procurement	Delays noted	Management Response
	Solar Nation- SMC Limited UGX 960,992,000	Officer only confirmed funds availability on 28th October 2024 causing a delay of 24 working days.	*This is also due to the fact that funds are released quarterly and therefore confirmation can only be done after budget allocation is released. However, the Entity has tasked user departments to appoint liaison officers for better coordination of departmental activities.*
2.	Consultancy services for establishment of sustainable farmer-based management organizations for Unyama Irrigation Schemes in Amuru &Gulu Districts UGX 3,284,286,137	**Delayed evaluation of bids by 105 days:** Whereas the proposal submission deadline was 16th May 2024, the technical evaluation report was concluded on 11th October 2024 citing a delay of 105 working days. **Delayed submission of the technical evaluation report to the Contracts Committee (CC) for approval by 84days:** Whereas the evaluation of the technical	*The delays were occasioned by the need to revise the scope of services which were pending rescoping of the works contract that was eventually retendered. The rescoping of works had an implication of the targeted areas, stakeholders and beneficiaries that were determined by works rescoping to match the project budget. This eventually had to determine the realignment of the scope of services in the TORS of the consultancy before the final RfP could be issued.* *With this uncertainty on the eventual outcome of the rescoping and the exact time when the contractor would be procured, the Ministry and the Islamic Development Bank (IsDB) had to delay the issuance of the consultancy RfP.* *See attached letter from MoFPED directing the Ministry to retender the works contract.* *The Ministry notes that the Evaluation Committee instead executed its work in 60 days from 16th May, 2024 to 17th July 2024 when a Technical Evaluation Report (TER) was*

No	Subject of Procurement	Delays noted	Management Response
		proposals was concluded on 11th October 2024, the PDU submitted the report to CC on 5th February 2025 and approved by CC on 14th February 2025. However, this was attributed to the late no objection from the bank that was granted on 4th February 2025.	*submitted to IsDB for No Objection. The Ministry received feedback with comments from the bank and the Ministry further resubmitted the revised TER on 25th October, 2024. The Ministry received a No objection on 4th February 2025. Find attached Email extract for the first submission and letter of No objection for verification. (Annex 9)* *The Evaluation Committee completed its work by 17th July 2024 and subsequently sent to the IsDB on 15th August, 2024 but the IsDB granted a No Objection on 4th February 2025.* *This being a prior reviewed procurement, the Ministry could not proceed to the next stage without the Bank's No Objection. Find a copy of the No Objection Letter and other correspondences attached (Annex 9)*
3.	Periodic Maintenance of River Nyamwamba in Kasese District under Framework Contract by Afro Infra (U) Ltd worth UGX 1,749,598,095	**Delayed submission by PDU to the Contracts Committee by 41 days:** The Accounting Officer confirmed availability of funds on 6th March 2025 but the PDU submitted the bidding document to CC on 7th May 2025.	*The audit observation is noted. The two-month delay was caused by critical technical failures in the eGP system. To prevent a stall in these disaster-mitigation works, the PDU sought a formal waiver from MoFPED, which was granted to allow the procurement to be concluded manually off-system.*
4.	Non-consultancy services for supporting communities in micro - catchments around Matanda/Enengo	**Delay at evaluation by 56 days**. Although bid closing was on 11th June 2024, evaluation was concluded on 27th August 2024 creating a	*The audit observation is noted: The evaluation consisted of six Lots; Kabuyanda (3 Lots), and Matanda (3 Lots). A total number of 29 bids were*

No	Subject of Procurement	Delays noted	Management Response
	Irrigation Scheme to implement afforestation, soil and water conservation. MoWE/NCONS/2023-2024/00040/3 Lot 1; Mubuku Integrated Farmers Association Lot 2: Ardent Services International Ltd Lot 3: Natural Resources Defence Initiative (NRDI) Lot 1; UGX 1,476,370,000, Lot 2: UGX 1,289,100,000 Lot 3: UGX 1,033,680,000	delay of 56 days.	*received and each lot took approximately 10 days for evaluation; this justifies the time taken of 65 days. The PDE however takes note of audit recommendations and commits to reduce on the timelines going forward.*

Implication
Delays in the procurement process create a lengthy lead time which consequently impedes timely service delivery. Furthermore, to meet tight deadlines, the Entity may resort to the use of less competitive methods that may compromise the procurement process.

Authority's comment
The Authority notes the management's response and the measures that being taken going forward on the above procurements. However, the Entity should streamline its internal approval processes and procedures in order to avoid undue delay save for the delays that are attributed to the donor. The appointment of liaison officers, while it is a positive step, does not retrospectively address the delays which were in breach of Section 51 of the PPDA Act Cap. 205. The Authority therefore maintains the finding.

Recommendations
The Accounting Officer should:

i. Ensure that confirmation of funds availability is processed promptly upon initiation of procurements to avoid unnecessary delays in accordance with Section 51 of the PPDA Act Cap. 205 which requires that all procurements should be conducted in a manner that promotes economy, efficiency, and value for money. The Entity should further align its budget release cycles with procurement planning timelines to ensure that Form 5s are raised when funding is confirmed.

ii. Proactively engage co-financiers at the earliest opportunity to expedite No Objection approvals and maintain comprehensive documentation of all funder-imposed delays to support audit accountability. The Entity should further ensure that procurement timelines are realistically planned to account for funder review periods in accordance with Section 51 of the PPDA Act Cap. 205 and Section 129(f) of the PPDA Act Cap. 205 which provides that delays in evaluation of bids or making an award decision constitute an offence.

iii. Compel the PDU to maintain documented procurement procedures to be used in the event of eGP system failures so that time-sensitive procurements particularly those involving disaster mitigation works are not subjected to avoidable delays. The Entity should further ensure that any waiver obtained from MoFPED is acted upon without further delay in accordance with Section 51 of the PPDA Act Cap. 205.

iv. Ensure that where a procurement involves multiple lots with a large number of bids, the evaluation is planned in advance with an adequate evaluation team (numbers) and a realistic evaluation schedule to prevent delays in the overall procurement process contrary to Section 51 of the PPDA Act Cap. 205.

2.2. Compliance with the PPDA Act Cap 205 and PPDA Regulations, 2023 in the conduct of disposal activities

2.2.1 Non-disposal of obsolete items

Regulation 2(1) of the PPDA (Disposal) Regulations, 2023 provides that for purposes of disposal planning, an Accounting Officer shall, in each financial year, cause the public assets of a Procuring and Disposing Entity to be reviewed, to identify the public assets to be disposed of in the following financial year.

Regulation 2 (2) of the PPDA (Disposal) Regulations, 2023 provides that a Procuring and Disposing Entity may use the Board of Survey or a User Department to identify the public assets to be disposed of.

Although the Entity disposed of some items during the financial year under review, a significant number of obsolete assets identified in the Board of Survey report across various districts (Mbarara, Wakiso, Lira, Mbale, Entebbe, and Kyenjojo) remain undisposed. The audit further observed several obsolete vehicles and other assets still lying within the Entity's premises.

Implication

This partial disposal indicates inadequate implementation of the disposal plan and ongoing failure to fully clear obsolete assets as required by the regulations.

<u>Management Response</u>

Management acknowledges the observation. While some obsolete assets were disposed of during the period under review, disposal of the remaining assets was delayed due to the need to undertake valuation, obtain the necessary approvals, and coordinate disposal activities across various districts.

Management has initiated the valuation and disposal process for the outstanding assets and will expedite their disposal in accordance with the PPDA (Disposal) Regulations, 2023, to prevent further deterioration and ensure value for money is realized.

Recommendation

The Accounting Officer should expedite the valuation of the outstanding assets and dispose them in order to avoid further deterioration of the assets that will deprive the Entity from obtaining value for money from their sale following the methods recommended in the Public Procurement and Disposal of Public Assets (Disposal of Assets) Regulations, 2023.

2.2.2 Failure to maintain assets in a manner that preserves value and protection against loss/theft

The Board of Survey report dated 27th August 2025 revealed significant weaknesses in the maintenance, security and overall management of the Entity's assets. Key issues observed include:

i. **Old motor vehicle fleet**: Most regional vehicles are old, grounded or unserviceable, with no clear acquisition or replacement plan in place.

ii. **Poor maintenance of UNMA Weather Stations** in Kyenjojo, Kyambogo, Kasese, Bushenyi, Mbarara, Kabale: Equipment is dilapidated, vandalized or stolen. Many stations have missing sensors, broken cabinets, lack ICT equipment and are located in bushy, unfenced or poorly secured sites.

Implication

Poor maintenance and inadequate security of assets contravenes the Entity's responsibility to safeguard public property and preserve its value. This exposes assets to accelerated deterioration, loss through theft or vandalism and potential safety risks. Neglected weather stations compromise the reliability of meteorological data which is critical for service delivery.

Management Response

The assets have been assessed by the Board of Survey and recommendation will be submitted in the report for action to be taken. Other items which did not attract any buyers in the recent disposal process will be disposed off as scrap.

The process of absorbing UNMA under MWE is ongoing and therefore plans for disposal are underway.

Recommendations

The Accounting Officer should:

- Put in place a long-term asset management policy that includes a clear preventive maintenance schedule and annual asset condition assessment with timely disposal or rehabilitation of unserviceable assets.
- Should assign clear responsibility and allocate adequate budget for asset management to prevent further deterioration and safeguard public resources.

2.3. Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements

2.3.1 Slow progress of work

In the procurement for the construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under 2 lot worth UGX 32,558,329,520, slow progress was noted during contract implementation. The site was handed over to Tesla Technical Services Ltd on 4th April 2025 with a scheduled completion date of 20th

July 2027. However, the April 2026 progress report one year into implementation, indicated that physical progress stood at only 22.5% yet 77.5% of the construction time had elapsed and certified works was at 11.73%. This represents a significant shortfall against the expected rate of progress. At the current rate of progress, the Contractor is unlikely to complete the works within the stipulated contract period

Implication
This poses a risk to timely service delivery potentially denying the targeted refugee and host communities' access to clean water and sanitation services within the planned timeframe. It also exposes the Entity to additional costs through potential contract extensions and prolongation claims.

Recommendation
The Accounting Officer should direct the Contract Management Team to engage the Contractor to develop and submit a recovery programme with clear milestones to bring the works back on schedule. Where the Contractor fails to demonstrate adequate capacity to accelerate progress, the Entity should consider invoking the performance security including assessment of liquidated damages. The team should also enhance site supervision to ensure timely completion and delivery of the intended services to the beneficiaries in accordance with Regulation 52 (1) of the PPDA (Contract) Regulations, 2023.

2.3.2 Inadequate execution of river desilting and protection works

Regulation 52 (1) (a) & (b) of the PPDA (Contracts) Regulations 2023 provides that a Contract Manager shall manage the obligations and duties of the Procuring and Disposing Entity specified in the contract and make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract.

Section 51 of the PPDA Act Cap 205 provides that all procurement and disposal shall be conducted in a manner which promotes economy, efficiency and value for money.

The Authority noted that despite payment of UGX 1,749,598,095 to Afro Infra (U) Ltd in the procurement for periodic maintenance of river Nyamwamba in Kasese district under framework contract, the desilting process was poorly performed. The riverbed still contained large stones and gravel restricting water flow to a narrow path. It was further noted during the physical verification exercise that the gabion protection was unbalanced, the upper section of the river near the Kilembe mines was left unprotected and the section that contained the gabions, no backfilling was done behind the gabion walls risking collapse when the river floods. The details are indicated in Figure 1 below:

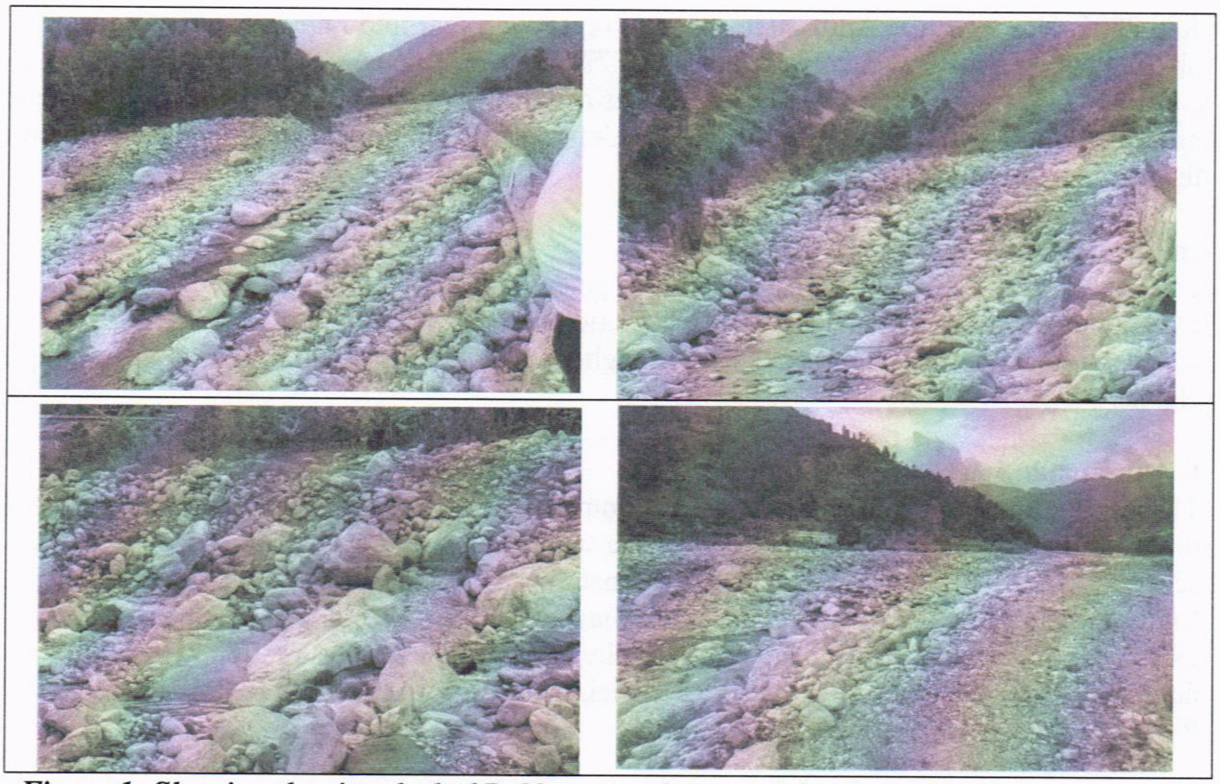


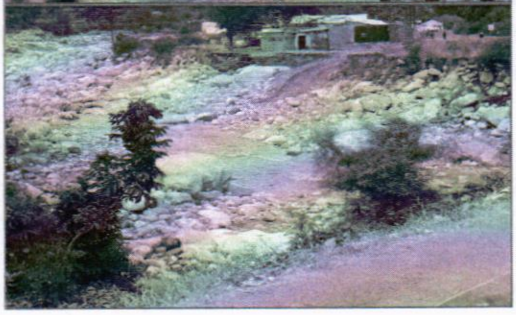
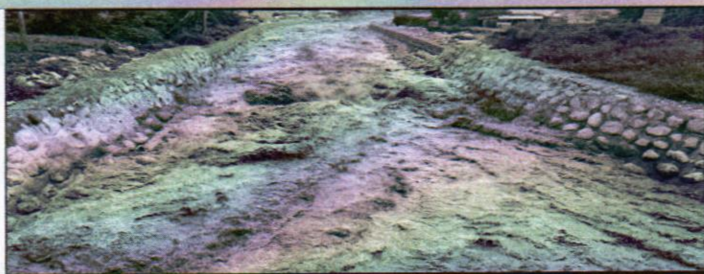
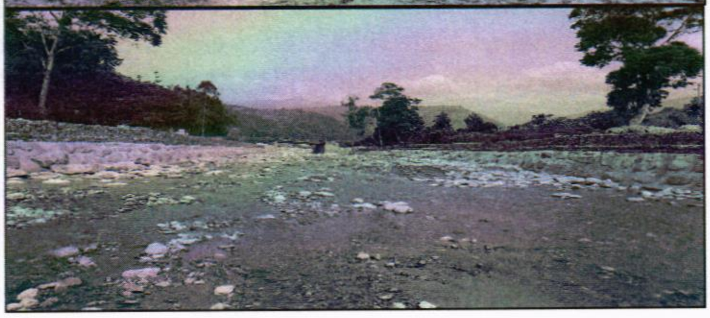
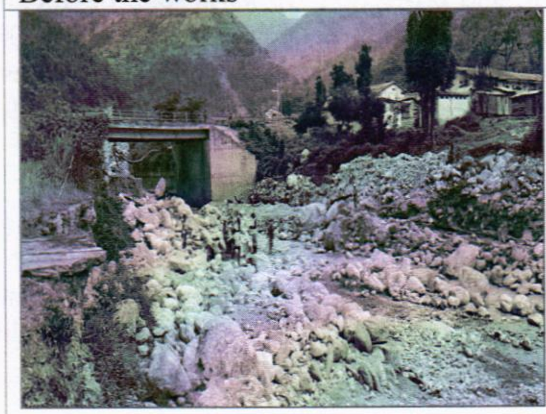
Figure 1: Showing the river bed of R. Nyamwamba containing large stones

Implication

There is a high risk of riverbank erosion resulting in poor value for money for funds spent.

Management Response

- *Nyamwamba River naturally transports over 1,000,000 tonnes of sediment annually. Periodic maintenance restores the 1–2 m depth specified in the BoQs, but continuous natural deposition between cycles justifies the framework arrangements. The presence of stones reflects the river's natural morphology, not inadequate desilting.*
- *The upper section near Kilembe Mines was not protected, but the banks 50 m upstream of Katiri Bridge consist of natural rock formations, which inherently stabilize this reach.*
- *Due to funding constraints—only UGX 19.14 billion released against the UGX 382 billion required for the full Nyamwamba maintenance and flood-protection programme—works focused on emergency interventions, prioritizing areas with critical infrastructure including Kilembe Mines facilities, Katiri Bridge, Katiri Primary School, Nyamwamba II hydropower plant, Kilembe Hospital, and associated staff quarters.*

Before the works	After the emergency works
 	 
Before the works	
	

Authority's Comment

The Authority takes note of the Management's response and raises the following specific concerns regarding the quality of desilting works:

- Whereas Management contends that the presence of large stones and gravel in the riverbed reflects the natural morphology of River Nyamwamba rather than inadequate execution of works, the contract was for periodic maintenance of the river and the Bill of Quantities specified a restoration depth of 1–2 meres; and
- The physical verification conducted on site confirmed that the riverbed still contained large stones and gravel that were restricting water flow to a narrow channel which is inconsistent with the contractual requirement to restore the specified depth and flow capacity. The contract management team did not identify or address these defects prior to certifying payments. The Authority thus maintains the finding.

Recommendation

The Accounting Officer should strengthen contract management oversight for all ongoing and future works contracts on river Nyamwamba by ensuring that the Contract Manager conducts regular site inspections at key construction milestones, maintains site inspection reports and withholds payment certification until all works covered in the Call Off Order have been physically verified as complete and compliant with the contractual specifications in accordance with Regulation 52(1) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Audit Opinion/Conclusion

The procurement and disposal activities of the Ministry of Water and Environment (MWE) for the Financial Year 2024/2025 were generally conducted in compliance with the provisions of the PPDA Act Cap. 205, the PPDA Regulations, 2023 and PPDA Guidelines.

However, the audit identified control and performance weaknesses that require management's attention. These included unimplemented planned procurements worth UGX 894,040,781,193 (89.2%), failure to dispose of obsolete assets identified across multiple districts including Mbarara, Wakiso, Lira, Mbale, Entebbe and Kyenjojo, slow progress of works on the construction of solar powered piped water supply and sanitation systems in Moyo and Yumbe worth UGX 32,558,329,520 with only 22.5% physical progress against 77.5% of construction time elapsed, inadequate execution of river desilting and protection works despite payment of UGX 1,749,598,095 to Afro Infra (U) Ltd, inadequate and restrictive technical specifications in three procurements worth UGX 3,108,590,095 that limited fair competition and irregularities at evaluation of bids in two procurements worth UGX 4,387,504,745.39 involving award of contracts to non-compliant bidders.

While these weaknesses did not materially undermine the overall integrity of the procurement system, they indicate deficiencies in procurement planning, asset management, statement of requirements preparation, evaluation oversight, contract management, and financial commitment management that may adversely affect service delivery, value for money, infrastructure quality, fair competition and achievement of Government policy objectives if not addressed.

Accordingly, the performance of the Ministry of Water and Environment (MWE) for FY 2024/2025 was assessed as **Moderately Satisfactory**, with an overall weighted average risk rating of **35%**, but requiring targeted management interventions to strengthen procurement efficiency, contract performance, and compliance with statutory and regulatory requirements.

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 8 below:

Table 8: Summary of performance of Ministry of Water and Environment

Risk Rating	No.	%No	Value (UGX)	% Value	Weights	Total Weighted Score	
						By No.	By Value
High	3	21	34,649,980,570	29	0.6	12.9	17.6
Medium	4	29	11,470,940,882.0	9.7	0.3	8.6	2.9
Low	0	-	-	0.0	0.1	0.0	0.0

Risk Rating	No.	%No	Value (UGX)	% Value	Weights	Total Weighted Score	
						By No.	By Value
Satisfactory	7	50.0	71,805,805,852.0	61	0	0.0	0.0
Total	**14**	**100.00**	**117,926,727,304**	**100.0**	**1**	**21.4**	**20.5**

Weighted Average by number = $\frac{\sum \text{Weighted Score by number}}{60}$ X 100 = $\frac{21.4 \times 100}{60}$ = 35.7%

Weighted Average by value = $\frac{\sum \text{Weighted Score by value}}{60}$ X 100 = $\frac{20.5 \times 100}{60}$ = 34.2%

The average weighted risk rating = $\frac{35.7\% + 34.2\%}{2}$ = **35%**

Since **35%** falls within the **31-70** risk range, the performance of the Entity is rated **Moderately Satisfactory** as detailed in Table 9 below:

Table 9: Risk Rating

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

GRAPHICAL REPRESENTATION OF THE ENTITY'S PERFORMANCE

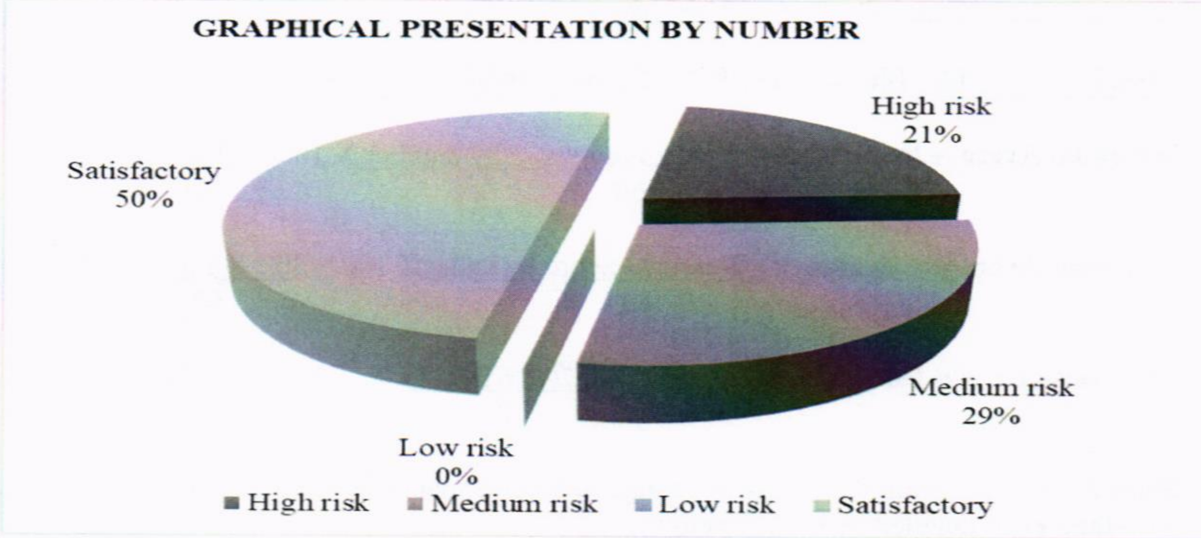


Figure 1 showing performance by number of contracts

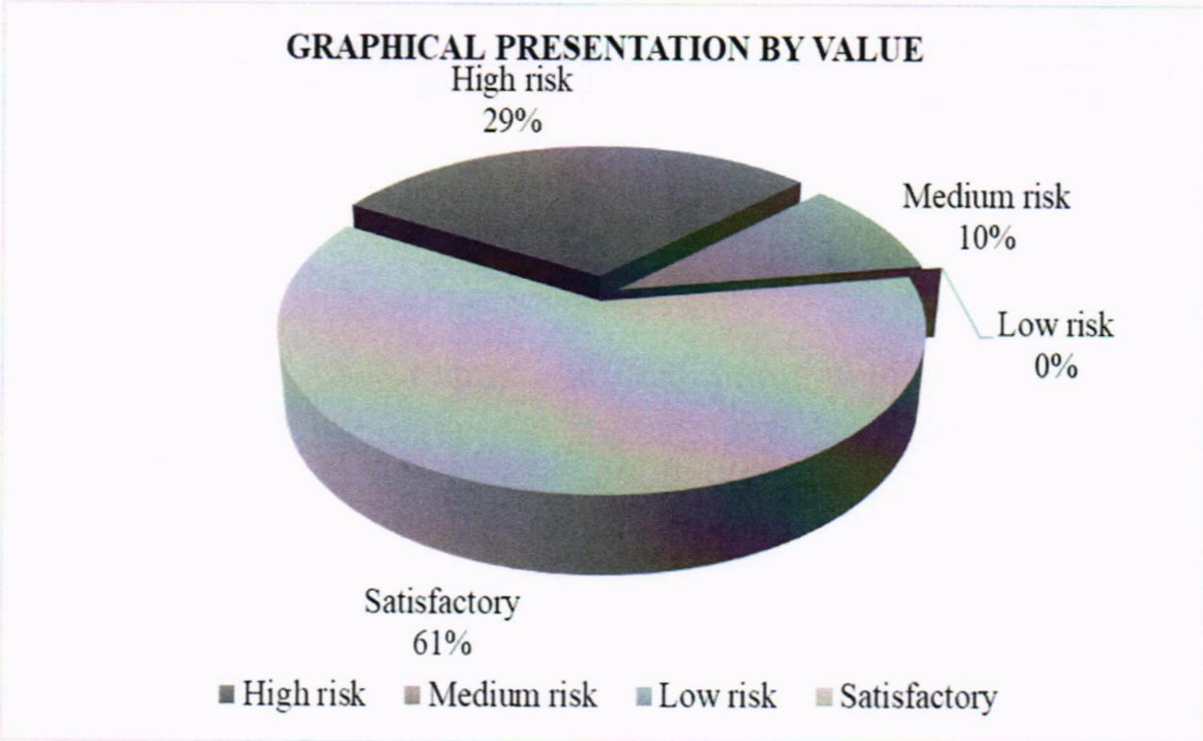


Figure 2 showing performance by value of contracts

3.3 Recommendation Action Plan

The Entity should implement the recommendations as indicated in Table 10 below:

Table 10: Action Plan for Ministry of Water and Environment, FY 2024/2025

Finding	Action / Recommendation	Responsible Officer	Timeline
Unimplemented Procurements worth (UGX 894,040,781,193 unexecuted) contrary to Section 60(7) of the PPDA Act, Cap. 205, affecting service delivery.	The Accounting Officer should review and update the procurement plan on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act Cap. 205. Additionally, all procurements conducted by the Entity including those funded by development partners and executed off the E-GP System should be captured and reported in the monthly procurement reports submitted to the Authority in accordance with Regulation 15 of the Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2023 and Circular No.5 dated 12th August 2025 on electronic submission of monthly reports and procurement and disposal plans without exception.	Accounting Officer & Head of Procurement and Disposal Unit (PDU)	Immediately & Ongoing Quarterly
Failure to conduct a market price assessment for the Station Wagon that replaced the 4WD Double Cabin Pick-up	Conduct a market price assessment of the 4WD double-cabin pickup and the Land Cruiser Prado delivered against the market rates (as at when the supply was made) and where overpricing is confirmed, appropriate remedial action including recovery of any amounts paid in excess of the market value should be done in accordance with Section 51 of the PPDA Act Cap. 205. In addition, a report on the same should be submitted to the Authority by 30th August 2026.	Accounting Officer, Contract Manager & Head of PDU	30th August 2026
Failure to dispose of obsolete assets across	Expedite the valuation of outstanding assets and dispose	Accounting Officer,	Within 90 Days

Finding	Action / Recommendation	Responsible Officer	Timeline
Mbarara, Wakiso, Lira, Mbale, Entebbe, and Kyenjojo, contrary to Regulation 2(1) of the PPDA (Disposal) Regulations, 2023.	them in order to avoid further deterioration of the assets that will deprive the Entity from obtaining value for money from their sale following the methods recommended in the Public Procurement and Disposal of Public Assets (Disposal of Assets) Regulations, 2023.	Head of PDU & Board of Survey Committee	
Slow progress of construction works. Solar powered piped water supply systems in Moyo and Yumbe worth (UGX 32,558,329,520) at only 22.5% physical progress against 77.5% elapsed time with 11.73% certified works. Timely completion unlikely.	Direct the Contract Management Team in the procurement for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under lot 2 to engage the Contractor to develop and submit a recovery programme with clear milestones to bring the works back on schedule. Where the Contractor fails to demonstrate adequate capacity to accelerate progress, the Entity should consider invoking the performance security including assessment of liquidated damages. The team should also enhance site supervision to ensure timely completion and delivery of the intended services to the beneficiaries in accordance with Regulation 52 (1) of the PPDA (Contract) Regulations, 2023.	Accounting Officer, Contract Manager & Contract Management Team	Within 30 Days
Inadequate river desilting works worth UGX 1,313,247,075 paid to Afro Infra (U) Ltd for River Nyamwamba maintenance in Kasese, yet large stones and gravel still restrict water flow contrary to Regulation 52(1)(b) of the PPDA (Contract)	Strengthen contract management oversight for all ongoing and future works contracts on river Nyamwamba by ensuring that the Contract Manager conducts regular site inspections at key construction milestones, maintains site inspection reports and withholds payment certification until all works covered in the Call Off Order have been physically verified as complete and compliant	Accounting Officer, Contract Manager & Contract Management Team	Within 30 Days & Ongoing

Finding	Action / Recommendation	Responsible Officer	Timeline
Regulations, 2023, exposing the area to erosion and flooding.	with the contractual specifications in accordance with Regulation 52(1) of the PPDA (Contracts) Regulations, 2023.		
Bid evaluation irregularities in two procurements worth UGX 4,387,504,745.39 contracts awarded to a non-compliant bidder, contravening Section 46 of the PPDA Act, Cap. 205.	Ensure qualification and technical criteria are proportionate to procurement scope and complexity. Evaluation Committees must strictly adhere to evaluation criteria and eliminate non-compliant firms per Regulation 5(2) of the PPDA (Evaluation) Regulations, 2023.	Head of PDU, Evaluation Committee Chairperson & User Departments	Within 45 Days

Appendix 1: Findings and Rating on the individual contracts reviewed

No.	High Risk Contracts	Reason for risk rating
1.	Periodic Maintenance of River Nyamwamba in Kasese District under Framework Contract worth UGX 1,693,651,050	• Ambiguity in pricing and contract duration • Delayed submission by PDU to the Contracts Committee by 41 days • Inadequate execution of river desilting and protection works
2.	Civil works for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under 3 lot by Tesla Technical Services Ltd worth UGX 14,134,613,196 Lot 1 and UGX 18,423,716,324 by M/S C&G Andijies Group Lot 2	• Inflated cost for purchase of vehicle in the procurement for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe Lots 1&2. The BEB priced a 4WD double-cabin pickup truck at UGX 350 million which the Evaluation Committee flagged as high. Although a higher-specification vehicle (Land Cruiser Prado 2.8 DSL 8AT Adventure) was subsequently delivered as a substitute, the contract price remained unchanged with no formal variation order/amendment issued to the contract. Additionally, there was no evidence that value for money was achieved or that the substituted vehicle was fit for purpose. • Slow progress of works in the procurement for the construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under 2 lot worth UGX 32,558,329,520 slow progress was noted during contract implementation. The site was handed over to Tesla Technical Services Ltd on 4th April 2025 with a scheduled completion date of 20th July 2027. However, the April 2026 progress report one year into implementation, indicated that physical progress stood at only 22.5% against 77.5% of construction time elapsed with certified works at 11.73%. This represents a significant shortfall against the expected rate of progress. At the current rate of progress, the contractor is unlikely to complete the works within the stipulated contract period.
3.	Procurement of a station wagon motor vehicle for ITWA by Mighty Rides worth UGX 398,000,000	Restrictive technical specifications

No.	Medium Risk Contracts	Reason for risk rating
1.	Construction works for Supply and Installation of HDPE tanks by Solar Nation- Smc Limited worth UGX 960,992,000	• Inappropriate requirements for a supply-based contract to supply 10m³ HDPE tanks. • Best Evaluated Bidder failed to provide mandatory evidence of past experience and key activity execution (no certificates of completion or contracts).
2.	Construction of Bulangira Town Water Supply Systems under WSDF-E by Kethan Enterprises Limited worth 3,426,512,745.39	Non-compliance with key personnel requirements for pipe works foreman.
3.	Consultancy services for establishment of sustainable farmer-based management organizations for Unyama Irrigation Scheme in Amuru and Gulu worth 3,284,286,137	**Delayed evaluation of bids by 105 days;** whereas the proposal submission deadline was 16th May 2024, the technical evaluation report was concluded on 11th October 2024 citing a delay of 105 working days. **Delayed submission of the technical evaluation report to Contracts Committee (CC) for approval**. Whereas the evaluation of the technical proposals was concluded on 11th October 2024, the PDU submitted the report to CC on 5th February 2025 and approved by CC on 14th February 2025. However, this was attributed to the late no objection from the bank that was granted on 4th February 2025. **Delayed notification of unsuccessful bidder by 6 days.** Whereas Community Care Consultants Ltd which did not pass the technical evaluation, the firm was only notified on 25th February 2025 after the financial bid opening dated 24th February 2025.
4.	Non-consultancy services for supporting communities in micro catchments around Matanda/ Enengo irrigation scheme- lot 1/2/3 worth UGX 3,799,150,000	**Delay at evaluation by 56 days**. Although bid closing was on 11th June 2024, evaluation was concluded on 27th August 2024 creating a delay of 56 days.
No.	**Satisfactory**	**Reasons for Rating**
1.	Consultancy Services for Construction Supervision of Additional Works in Kamuli Water Supply and Sanitation System (Phase I) and Buikwe Water Supply and Sanitation System by Alliance Consultants Limited worth UGX1,995,387,469.40	No significant deviation is identified during the conduct of the procurement process.

2.	Expansion of Water and Sanitation Development Facility North Office Block by Gets Technical Services (GTS) Limited worth UGX 2,280,174,320.42	No significant deviation is identified during the conduct of the procurement process.
3.	Construction of Kyenjojo FSTP by Muga Services Ltd worth UGX 5,108,528,216	No significant deviation is identified during the conduct of the procurement process.
4.	Construction of water projects - Construction of Nyakashaka Town Council Piped Water Supply and Sanitation System - Buhwejju District by Mupa Technical Services Limited worth UGX 9,526,896,537	No significant deviation is identified during the conduct of the procurement process
5.	Non-consultancy services for supporting communities in micro catchments around Kabuyanda irrigation scheme- lot 1/2/3 worth UGX 3,712,995,100	No significant deviation is identified during the conduct of the procurement process
6.	Non-consultancy services for distribution of firewood to persons with specific needs in targeted refugee settlements under-cd project by Joint Energy & Environment Projects Ltd (Lot 3) worth UGX 1,232,960,250	No significant deviation is identified during the conduct of the procurement process
7.	Consultancy services to support the development of woodlots on private land to enhance the supply of timber, poles and other plantation products under IFPA-CD in 19 districts by Nirasgroup (UK) in association With Havilah Company Ltd, Environmental Trust of Uganda and Green Life International worth UGX 47,948,863,959.00	No significant deviation is identified during the conduct of the procurement process

Appendix 2: Procurement and Disposal Unit Members

No.	Name	Job Title
1.	Mr. Mike Duncan Tumwikirize	Assistant Commissioner-PDU
2.	Ms. Aminah Nabulime	Senior Procurement Officer
3.	Ms. Monica Kamwine	Procurement Officer
4.	Ms. Maria Akidi	Senior Procurement Officer
5.	Mr. Enoth Akandwanaho	Procurement Officer
6.	Mr. Geofrey Ogwang	Procurement Officer
7.	Ms. Prisca Atwine	Procurement Officer
8.	Ms. Ritah Kihembo	Procurement Officer
9.	Mr. Abby Muhwezi	Procurement Officer
10	Ms. Marion Kashemire	Procurement Officer
11.	Ms. Betty Nalubega	Procurement Officer
12.	Mr. Walter Okee	Procurement Officer

No.	Name	Job Title
13.	Ms. Phoebe Laker	Procurement Officer
14.	Ms. Moreen Kirabo	Procurement Officer
15.	Mr. Solomon Ocira	Procurement Officer

APPENDIX 3: AUDIT SAMPLE LIST FOR MINISTRY OF WATER AND ENVIRONMENT FOR THE FINANCIAL YEAR 2024-2025

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk Rating
1.	MoWE/CONS /2024-2025/00001	Consultancy Services for Construction Supervision of Additional Works in Kamuli Water Supply and Sanitation System (Phase I) and Buikwe Water Supply and Sanitation System	Open Domestic Bidding Method	Alliance Consultants Limited	1,995,387,469.40	Satisfactory
2.	MoWE/WRKS /2024-2025/00007	Expansion of Water and Sanitation Development Facility North Office Block	Open Domestic Bidding Method	Gets Technical Services (Gts) Limited	2,280,174,320.42	Satisfactory
3.	MoWE/WRKS /2024-2025/00017	Construction works for Supply and Installation of HDPE tanks	Open Domestic Bidding Method	Solar Nation- Smc Limited	960,992,000	Medium Risk
4.	MoWE/WRKS /2024-2025/00020	Construction of Bulangira Town Water Supply Systems under WSDF-E	Open Domestic Bidding Method	Kethan Enterprises Limited	3,426,512,745.39	Medium Risk
5.	MoWE/SUPL S/2024-2025/00204	Procurement of a Station Wagon Motor vehicle for ITWA	Restricted Domestic Bidding Method	Mighty Rides Limited	398,000,000	High Risk
6.	MoWE/WRKS /2024-2025/00056	Construction of Kyenjojo FSTP	Open Domestic Bidding Method	Muga Services Ltd	5,108,528,216	Satisfactory
7.	MoWE/WRKS /2024-2025/00117	Construction of water projects - Construction of Nyakashaka Town Council Piped Water Supply and Sanitation System - Buhwejju District	Open Domestic Bidding Method	Mupa Technical Services Limited	9,526,896,537	Satisfactory

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk Rating
8.	MoWE/WRKS /2024-2025/00074	Periodic Maintenance of River Nyamwamba in Kasese District under Framework Contract	Open Domestic Bidding Method	P & D Traders and Contractors Ltd	1,693,651,050	High Risk
9.	MWE/NCONS /23-24/00040/1/2/3	Non-consultancy services for supporting communities in micro catchments around Matanda/ Enengo irrigation scheme- lot 1/2/3	Open Domestic Bidding Method	Mubuku Integrated Farmers Association (Lot 1) Ardent Services International Limited (Lot 2) Natural Resources Defence Initiative (Lot 3)	1,476,370,000 1,289,100,000 1,033,680,000	Medium Risk
10.	MWE/NCONS /23-24/00039/1/2/3	Non-consultancy services for supporting communities in micro catchments around kabuyanda irrigation scheme- lot 1/2/3	Open Domestic Bidding Method	Stitching Aid Environment (Lot 1) Segamu 14 Consults Ltd (Lot 2) Natural Resources Defence Initiative (Lot 3)	1,470,700,000 1,248,415,100 993,880,000	Satisfactory
11.	MWE/WRKS/ 23-24/00008/1/2/3	Civil works for construction of solar powered piped water supply and sanitation systems in the refugee hosting districts of Moyo and Yumbe under 3 lot	Open Domestic Bidding Method	Lot 1 Tesla Technical Services Ltd Lot 2 C&G Andijies Group	14,134,613,196 18,423,716,324	High Risk

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk Rating
12.	MWE/NCONS /23-24/00008/1/2/3 /4/5	Non-consultancy services for distribution of firewood to persons with specific needs in targeted refugee settlements under-cd project	Open Domestic Bidding Method	Joint Energy & Environment Projects Ltd (Lot 3)	1,232,960,250	Satisfactory
13.	MWE/CONS/ 21-22/00047	Consultancy services to support the development of woodlots on private land to enhance the supply of timber, poles and other plantation products under IFPA-CD in 19 districts	Open International Bidding	Nirasgroup (UK) in association With Havilah Company Ltd, Environmental Trust of Uganda and Green Life International	USD 6,480,251 and UGX 24,231,145,299 Inclusive of 15% Withholding Tax on Remuneration only and VAT Exclusive	Satisfactory
14.	MWE/CONS/ 22-23/00032-FIEFOC3	Consultancy services for establishment of sustainable farmer-based management organizations for Unyama Irrigation Scheme in Amuru and Gulu	Open International Bidding	Governance Systems International and Ascent	3,284,286,137	Medium Risk

Appendix 4: 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 standards will normally be rated "high".	**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 methodologies or failure to conduct an 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 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	**Planning:** Lack of initiation	This implies committing the

RISK	DESCRIPTION	AREA	IMPLICATION
	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 control and oversight" at an appropriate level of seniority.	of procurements and confirmation of funds.	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.
		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,	

RISK	DESCRIPTION	AREA	IMPLICATION
		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 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 a conflict of interest and a 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.		