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

PROCUREMENT AND DISPOSAL AUDIT REPORT FOR FINANCIAL YEAR 2024/2025

PALLISA DISTRICT LOCAL GOVERNMENT

JUNE 2026

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

AO	Accounting Officer
BOQs	Bill of quantities
ESHS	Environmental, Social, Health and Safety
LTD	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
RFQ	Request for Quotation
UGX	Uganda Shillings
DLG	District Local Government

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority conducted a procurement and disposal audit of Pallisa District Local Government, covering 20 sampled procurement transactions worth UGX 3,608,215,978 for the Financial Year 2024/2025.

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

Based on the findings of the procurement and disposal audit exercise, the performance of Pallisa District Local Government for the Financial Year 2024/25 was Satisfactory, with an overall weighted average risk rating of **28%**, as detailed in Chapter 3 of the report.

Despite the satisfactory performance, the following exceptions were noted:

1. In contravention of Section 10 (1) (a) of the PPDA Act, Cap. 205, which obliges Entities to take corrective action on the recommendations issued by the Authority, it was observed that the Entity had not implemented 40% of the recommendations from the Financial Year 2023/2024 audit report issued in June 2024. Failure to fully implement audit recommendations affects the performance of the procurement function and indicates a weak implementation mechanism by the Entity.

2. Contrary to Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, which requires specifications to be attached to the initiation form, the Authority noted that the Entity failed to comply with this requirement in three procurements worth UGX 57,972,000. Failure to provide a clear statement of requirements at initiation hinders the PDU from preparing bidding documents that meet the required quality standards for the items to be purchased.

3. Regulation 53(3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires a Procuring and Disposing Entity, when developing a shortlist for procurement requirements, to rely on sources such as its prequalified providers, the Authority's register of providers, prequalified lists from other Entities, and its knowledge of the market. However, a review of micro-procurements totalling UGX 12,910,000 revealed that the Entity procured directly from individuals without undertaking any due diligence or screening. This exposes the Entity to a high risk of engaging unqualified or non-compliant providers, which may result in poor-quality deliveries, failure to obtain value for money, and possible contract non-performance.

4. Regulation 10 of the PPDA (PDEs) Regulations, 2023 requires the Contracts Committee to confirm that the proposed evaluation criteria, requirements and contractual terms and conditions contained in the bidding documents are appropriate and applicable to the procurement or disposal requirement. However, in four procurements totalling UGX 1,250,808,693, the Contracts Committee approved solicitation documents containing confusing, restrictive requirements and unclear contractual terms. The issuance of inadequate

bidding documents may lead bidders to misunderstand the Entity's requirements and, as a result, submit poorly prepared and non-responsive bids. Similarly, it may confuse bidders and may become a source of potential conflicts with the Entity.

5. Section 66 of the PPDA Act, Cap. 205 requires a Procuring and Disposing Entity to take into account environmental protection, social inclusion, and the stimulation of innovation for every procurement undertaken. However, the Authority noted during physical verification of the sites on 16th April 2026 that the contractor had not implemented any environmental mitigation measures, such as tree planting, in five procurements worth UGX 1,686,783,565. Failure to put in place environmental and social mitigation measures puts the communities where the projects are located at risk of harmful effects of environmental degradation, such as climate change, destruction of ecosystems, air pollution and depletion of natural resources; and

6. Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023 requires a contract manager to ensure that the provider performs the contract in accordance with the terms and conditions specified in the contract. The Authority conducted physical verification of 13 procurement transactions worth UGX 2,081,870,593 and noted that two of the sampled procurements, worth UGX 196,494,512, had non-conformities that did not meet the contract specifications. This inhibits the attainment of value for money and exposes the government to the risk of financial loss due to non-performance or unsatisfactory performance of the contract.

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

1. The Accounting Officer should:
   i. Establish a structured mechanism for tracking and implementing audit recommendations, including preparing an implementation action plan with clear timelines, responsible officers, and periodic progress reviews. In addition, Management should designate an officer or committee to regularly monitor implementation status and report progress to Top Management, ensuring that all recommendations issued by the Authority are fully implemented in a timely manner in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205;

   ii. Strengthen enforcement and monitoring of Environmental, Social, Health and Safety (ESHS) requirements during contract implementation to ensure that all environmental mitigation measures provided for in the contracts, Bills of Quantities and Environmental and Social Management Plans (ESMPs), such as tree and grass planting, are fully implemented before certification and payment of the respective contract items. In addition, the Entity should ensure that the relevant Sector Specialists and District Officers involved in ESHS matters actively participate in supervising and verifying compliance throughout contract execution in accordance with Section 66 of the PPDA Act, Cap. 205; and

   iii. Task Contract Management teams with closely monitoring contractors in the performance of contracts in accordance with the terms and conditions specified in the Contract and in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. All identified issues should be addressed immediately, and a status update should be provided to the Authority within four months of this report.

2. The Heads of User Departments should ensure that initiation forms are duly completed with a clear statement of requirements for onward submission to the PDU in accordance with Regulation 3(2)(a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;

3. The Accounting Officer, through the Head Procurement and Disposal Unit, should guide and build the capacity of various User Departments undertaking delegated micro procurements to avoid anomalies arising from capacity gaps in line with Regulation 22 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;

4. The Contracts Committee should scrutinise the quality of bidding documents before approval, in line with Regulation 10 of the PPDA (PDEs) Regulations, 2023.

A recommended action plan for Pallisa District Local Government is on pages **17** of this audit report.

CHAPTER ONE: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority conducted a procurement and disposal audit of Pallisa District Local Government, covering 20 sampled procurement transactions worth UGX 3,608,215,978 under the Financial Year 2024/2025. The audit involved a review of procurement and disposal structures, systems, and processes, as well as contract performance, in accordance with the provisions of the Public Procurement and Disposal of Assets Act, Cap. 205 and the PPDA Regulations, 2023.

1.2. Audit Objectives

The overall objective of the procurement and disposal audit was to assess the degree of compliance of Pallisa District Local Government's procurement and disposal system and processes with the provisions of the PPDA Act, Cap. 205, and the attendant PPDA Regulations and to assess the level of procurement and disposal performance over the audit period.

The specific objectives were to:

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap. 205, and the attendant PPDA Regulations regarding the performance of the procurement structures and the conduct of the procurement processes;
2. Assess the extent to which the Entity's disposal process complies with the provisions of the PPDA Act, Cap. 205, and the PPDA (Disposal of Public Assets) Regulations, 2023; and
3. Assess the efficiency and effectiveness of contract implementation, including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3. Structure of the Entity

The key players in the procurement structure of Pallisa District Local Government include the Chief Administrative Officer (the Accounting Officer), the Contracts Committee, the Procurement and Disposal Unit, and User Departments. The Details about the Entity's procurement structure are provided below:

i. Accounting Officer

Section 28 (1) of the PPDA Act, Cap. 205 assigns the Accounting Officer overall responsibility for the successful execution of procurement, disposal, and contract management within the Procuring and Disposing Entity. The Authority established that Mr Fredrick Byekwaso served as the Accounting Officer during the Financial Year 2024/2025 and subsequently handed over office to the current Accounting Officer, Mr Felix Majeme, in October 2025.

ii. Composition and Tenure of the Contracts Committee

In accordance with Section 28(1)(a) of the PPDA Act, Cap 205, the Accounting Officer duly constituted a Contracts Committee of five members, as detailed in Table 1 below:

Table 1: Composition of Contracts Committee during the audit period

No.	Name	Position	Date of Appointment	Job Title
1.	Mr. Ronald Omutujju	Chairperson	1st September, 2025	District Education Officer
2.	Dr. Godfrey Mulekwa	Member	1st September, 2025	District Health Officer

No.	Name	Position	Date of Appointment	Job Title
3.	Ms. Teddy Lyogil	Member	1st March, 2024	Assistant District Health Officer
4.	Mr. Charles Otto	Member	1st November, 2023	Senior Fisheries Officer
5.	Ms Jane Winfred Akia	Secretary	12th May, 2023	Senior Lands Management Officer

iii. Staffing of the Procurement and Disposal Unit

Section 32 of the PPDA Act, Cap. 205, provides that a Procuring and Disposing Entity shall establish a Procurement and Disposal Unit staffed at an appropriate level. The Authority noted that the Entity's Procurement and Disposal Unit was fully staffed with two members. Details of the PDU staff are set out in Table 2 below:

Table 2: Staff in the Procurement and Disposal Unit

No	Name	Academic and Professional qualifications	Job Title
1	Apollo Opongoru	Bachelor of Procurement and Supply Chain Management, Post Graduate Diploma in Procurement and Supply Chain Management.	Senior Procurement Officer
2	Daniel Okello	Bachelor of Procurement and Supply Chain Management, Post Graduate Diploma in Procurement and Supply Chain Management.	Procurement Officer

1.4. Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation of 20 transactions under Financial Year 2024/25 (ANNEX A).

1.5. Methodology

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

During the audit, the Authority held consultations with staff from the Procurement and Disposal Unit and the User Departments to obtain crucial qualitative information about the internal control systems and processes in place.

The Authority prepared the management letter, which was sent to the Entity on 7th May 2026, requesting a management response by 14th May 2026. The responses were submitted on 14th May 2026, and the exit meeting was held on the same date at the PPDA Eastern Regional Office.

On completion of data collection and before writing the report, the Regional Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings for each sampled transaction. The audit report presents the key findings and conclusions.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 COMPLIANCE BY THE ENTITY WITH THE GENERAL 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

2.1.1 Failure to fully implement 40% of the previous audit recommendations

In contravention of Section 10 (1) (a) of the PPDA Act, Cap. 205, which obliges Entities to take corrective action on the recommendations issued by the Authority, it was observed that the Entity had not implemented 40% of the recommendations from the Financial Year 2023/2024 audit report issued in June 2024. This was attributed to laxity on the part of the Entity management in ensuring the full implementation of previous audit recommendations. Of the ten recommendations, only six (60%) had been fully implemented, and four (40%) were partially implemented at the time of this review. A detailed status of implementation is presented in Table 3 below:

Table 3: Implementation of previous audit recommendations

No.	Recommendation	Status
1.	The Accounting Officer should: i. Come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, providing training, including them in key performance indicators, and discussing them in top management meetings, among others.	Partially Implemented
	ii. Along with management regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 60 (7) of the PPDA Act, Cap. 205 to ensure improved performance;	Partially Implemented
	iii. Address procurement irregularities such as unfairness at evaluation, poor quality bidding documents, delayed payment of contractors, among others, that could be responsible for the low bidder participation leading to reduced competition in the Entity, thus affecting value for money; and	Partially Implemented
	i. Ensure that the bidding documents are scrutinised for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Partially Implemented

Implication

Failure to fully implement audit recommendations affects the performance of the procurement function and indicates a weak implementation mechanism within the Entity.

Management Response

Management took note of the findings and pledged to strengthen the implementation tracking mechanism.

Recommendation
The Accounting Officer should establish a structured mechanism to track and implement audit recommendations, including a clear action plan with timelines, responsible officers, and periodic progress reviews. In addition, Management should designate an officer or committee to regularly monitor implementation status and report progress to Top Management, ensuring that all recommendations issued by the Authority are fully implemented in a timely manner in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

2.1.2 Procurement plan implementation rate

An analysis of the Entity's Procurement Plan Implementation Rate revealed that the Entity implemented 100.5% of its procurement plan, with a variance of UGX 34,094,154 in procurements executed above the Entity's plan. The Authority partly attributed this to poor market price assessment. Details are provided in Table 4 below:

Table 4: Analysis of implementation of the procurement plan

Metric	Amount (UGX)/Percentage
Total procurement plan value, inclusive of VAT	6,542,860,890
Procurement spend value inclusive of VAT	6,576,955,044
Procurement Plan Implementation Rate	100.5%
Budget variance	(34,094,154)

Implication
This may lead to the creation of domestic arrears.

Management Response
Management takes note of the issue and will implement a regular review mechanism for the procurement plan.

Recommendation
The Accounting Officer, along with Management, should regularly review the implementation of the procurement plan and update it in accordance with Section 60 (7) of the PPDA Act, Cap 205.

2.1.3 Confirmation of funding to procure without delegated authority from the Accounting Officer

Section 41 (a) of the PPDA Act, Cap 205 states that, "*the Accounting Officer may delegate certain procurement and disposal functions of the Accounting Officer, contracts committee or procurement and disposal unit*". However, in the procurement for the supply and installation of a biometric machine at Pallisa General Hospital valued at UGX 13,275,000, the confirmation of funding was carried out by Mr Simon Peter Areu on behalf of the Accounting Officer, Mr Fredrick Byekwaso, without evidence of delegated authority.

Implication
The absence of a written delegation of authority from the Accounting Officer undermines the internal controls governing confirmation of funding. This increases the risk of unauthorised commitments, financial mismanagement, and potential budget overruns, as decisions are made without clear accountability.

Management Response

Management acknowledged the observation and stated that, going forward, all procurement requisitions must be approved by the Accounting Officer. In future, and where delegation occurs, especially for low-value procurement activities, a written authority will be issued.

Recommendation

The Accounting Officer should have confirmation of funding, carried out strictly by the designated officer or by an individual with formally documented delegated authority, in accordance with Section 41(a) of the PPDA Act, Cap. 205.

2.1.4 Missing Specifications on Initiation Form

Contrary to Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, which requires that specifications be attached to the initiation form, the Authority noted that the Entity did not comply with this requirement in the following procurements worth UGX 57,972,000. The Authority attributed this to the User Departments' delayed submission of specifications. Details are provided in Table 5 below:

Table 5: Procurements for which specifications were not attached at initiation

No	Subject of Procurement	Contract Amount (UGX)
1.	Supply and installation of a Biometric Machine	13,275,000
2.	Installation of a micro-scale irrigation system for Ochwa David	24,617,000
3.	Installation of a micro-scale irrigation system for Omongore Richard	20,080,000
Total		**57,972,000**

Implications

- Failure to provide clear statement of requirements at initiation hinders the PDU from preparing bidding documents that meet the required quality standards of the items to be purchased.
- It also deters bidders from preparing bids that are realistic, competitive and meet the PDE's needs.

Management Response

Management noted the observation.

Recommendations

1. The Heads of User Departments should ensure that initiation forms are duly filled with clear statement of requirements for onward submission to the PDU in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Accounting Officer should enforce compliance by rejecting requisition forms that are not accompanied by clear Statements of Requirements as required under Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.5 Delayed submissions to the Contracts Committee

Section 51 of the PPDA Act, Cap. 205 mandates that all procurement processes be undertaken in a manner that ensures economy, efficiency, and value for money. However, in the procurement for the supply and delivery of 17,300 tree seedlings worth UGX 13,753,000, although funding was confirmed on 20th January 2025, the submission to the Contracts Committee for approval of the procurement method and solicitation documents was only made on 8th April 2025, reflecting a delay of 54 working days. Management explained during the exit meeting that the delay was due to the Entity waiting for favourable weather conditions before proceeding with the procurement process.

Implication

Delays at any stage of the procurement cycle result in delayed service delivery to the intended beneficiaries.

Management Response

Management stated that a procurement process tracker would be put in place with clear timelines to prevent unnecessary delays and hold players accountable for any delays. This will help avert unnecessary process delays.

Recommendations

1. The Accounting Officer should task the Head Procurement and Disposal Unit, in collaboration with the User Departments, to make efficient submissions of solicitation documents and the proposed procurement method to the Contracts Committee in accordance with Section 51 of the PPDA Act, Cap. 205.
2. The Entity should adequately plan procurements whose implementation is dependent on seasonal or weather conditions by initiating the procurement process early, concluding the contract in advance, and clearly stipulating the expected delivery timelines and conditions in the contract schedule to avoid unnecessary delays in procurement execution.

2.1.6 Micro-procurements from individuals rather than registered firms

Regulation 53(3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires a Procuring and Disposing Entity, when developing a shortlist for procurement requirements, to rely on sources such as its prequalified providers, the Authority's register of providers, prequalified lists from other Entities, and its knowledge of the market. However, a review of micro-procurements totalling UGX 12,910,000 at Pallisa General Hospital revealed that the Entity procured directly from individuals without undertaking any due diligence or screening. The Hospital Administrator attributed this anomaly to limited capacity. Details are provided in Table 6 below.

Table 6: Procurements where the Entity directly engaged individuals

No	Item Description	Provider/Individual	Amount (UGX)
1.	Samsung Galaxy (Pallisa General Hospital)	Mr. Ogwang P	3,000,000
2.	Party Items	Mr. Elwana Micheal	3,610,000
3.	Purchase of a Laptop (Pallisa General Hospital)	Elwana Micheal	3,800,000
4.	Purchase of a Printer (Pallisa General Hospital)	Mr. Okiria S	2,500,000
Total			**12,910,000**

Implication

Procuring from unregistered individuals without due diligence exposes the Entity to a high risk of engaging unqualified or non-compliant providers, which may result in poor quality deliveries, failure to obtain value for money, and possible contract non-performance.

Management Response

A guidance memo will be issued to all user departments on the use of prequalified providers for all activities under the Micro procurement market approach. All procurement requisitions under Micro procurement shall be accompanied by a shortlist with evidence that the bidders are prequalified.

Recommendation

The Accounting Officer, through the Head Procurement and Disposal Unit, should guide and build the capacity of various User Departments undertaking micro-procurements to avoid such anomalies, in line with Regulation 22(2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.7 Inadequate prequalification process

Section 51 of the PPDA Act, Cap. 205, requires that all procurement and disposal processes be conducted in a manner that promotes economy, efficiency, and value for money. However, in the procurement for construction of school structures at Kibale Secondary School worth UGX 378,606,699, the Authority noted weaknesses in the Entity's prequalification process, which resulted in the selection of providers who were subsequently unable to satisfy basic mandatory requirements at the bidding stage. All three prequalified bidders who submitted bids were eliminated at the preliminary evaluation stage due to failure to meet fundamental eligibility and compliance requirements, including submission of an NSSF compliance certificate, Powers of Attorney, a Bid Securing Declaration, and proof of payment of the non-refundable bidding fee. Additionally, even when the procurement was retendered out, three out of four bidders were eliminated for failure to provide valid tax clearance certificates.

Implication

This results in delays and expensive repeat procurement processes.

Management Response

Management acknowledged the observation, and it was noted for future improvement. However, at the time the prequalification exercises were conducted, firms were compliant with the Requirements and were expected to be 100% sure they could execute the work perfectly. Furthermore, the Entity pledged to conduct due diligence on firms prior to shortlisting.

Recommendation

The Accounting Officer should strengthen the entity's prequalification process by conducting thorough due diligence to ensure that only competent and compliant providers are shortlisted. This includes verifying statutory documents such as tax clearance certificates, NSSF compliance, and legal authorisation documents at the prequalification stage, in line with Regulation 31 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.8 Approval of inadequate solicitation documents

Regulation 10 of the PPDA (PDEs) Regulations, 2023 requires the Contracts Committee to confirm that the proposed evaluation criteria, requirements and contractual terms and conditions in the bidding documents are appropriate and applicable to the procurement or disposal requirement. However, in four procurements worth UGX 1,250,808,693, the Contracts Committee approved solicitation documents containing confusing and restrictive requirements and unclear contractual terms. This was partly due to the limited capacity of the Contracts Committee members to review solicitation documents. Details are provided in Table 7 below:

Table 7: Procurements with inadequacies in the bidding documents

S/ No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
1.	Construction of the administration block, phase vii	329,284,074	• **Confusing requirements.** Whereas, GCC 52.1 stated the requirement for a performance securing declaration. GCC 52.3 stated that, *"the standard form of performance securing declaration acceptable to the PDE shall be an irrevocable and unconditional insurance bond payable on demand.* This implies that GCC 52.3 referred to a performance bond, whereas 52.1 referred to a performance securing declaration. • **Restrictive requirements.** Bidders were required to provide an average annual turnover of UGX 800,000,000, which was excessive relative to the estimated procurement value of UGX 400,000,000. Additionally, bidders were required to have at least three contracts within the last three years, each valued at UGX 800,000,000.
2.	Supply and delivery of ICT equipment to Pallisa District (Akadot Secondary School)	154,410,000	• **Conflicting provisions.** The delivery and completion schedule indicated delivery was expected within 45 days; however, GCC 12 stated that delivery shall be within 30 days after contract signing. • GCC 16.1 stated that the structure of payment shall be 20% advance payment and 80% after delivery; however, GCC 17.1 stated that an advance payment guarantee shall not be required, which was misleading since an advance payment must be contingent on an advance payment guarantee.

S/ No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
3.	Construction of school structures at Kibale Secondary School	378,606,699	**Failure to incorporate ESHS provisions.** The BOQs do not incorporate environmental mitigation measures, such as the planting of trees.
4.	Construction of the distribution network for the Chelekura piped water system phase III in Chelekura Sub-County	388,507,920	**Restrictive requirements**. The minimum average annual turnover requirement was UGX 1,200,000,000, compared with an estimated UGX 418,793,000. Additionally, the bidder was required to have a credit line of UGX 1,500,000,000. Under the experience requirement, the contractor was required to provide evidence in the form of previous certificates totalling at least UGX 1,500,000,000, which was restrictive because the estimate was UGX 418,793,000.
Total		**1,250,808,693**	

Implications

- Issuance of inadequate bidding documents may lead to bidders misunderstanding the Entity's requirements and thereafter submitting poorly prepared and non-responsive bids. Similarly, it may confuse bidders and may become a source of potential conflicts with the Entity.
- Restrictive requirements may lead to low bidder participation.

Management Response

Management acknowledged the observations and stated that this was the result of copy-and-paste. However, going forward, the Entity pledged to improve, and capacity-building arrangements will be made for the Contracts Committee Members to equip them with the competency to review and approve the correct documents. Furthermore, relevant departments will be involved in the preparation of the respective sections of the bidding documents, such as the ESHS and ESMPs, and in the evaluation of bids. The PDU Staff, User Departmental heads, or evaluation Committees will be subjected to capacity-building programmes on procurement processes to restrain them from flouting procurement principles.

Recommendation

The Contracts Committee should scrutinise the quality of bidding documents before approval, in line with Regulation 10 of the PPDA (PDEs) Regulations, 2023.

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

Regulation 2(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 requires an Accounting Officer, in each financial year, to ensure that the public assets of a Procuring and Disposing Entity are reviewed to identify assets for disposal in the subsequent financial year. The

Authority was provided with the Board of Survey Report and noted that the Entity had identified and earmarked several assets for disposal.

The Authority further noted that the Entity did not undertake any disposal process during the Financial Year 2024/2025. Management explained that the Entity had recently concluded a disposal exercise in the Financial Year 2023/2024 and was awaiting the accumulation of additional assets for disposal, as conducting disposal proceedings every financial year would not be economically viable.

2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION, INCLUDING THE APPLICATION OF ENVIRONMENT, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS

2.3.1 Failure to implement Environmental, Social, Health and Safety Issues

Section 66 of the PPDA Act, Cap. 205 requires a Procuring and Disposing Entity to take into account environmental protection, social inclusion, and the stimulation of innovation for every procurement undertaken. However, the Authority noted during physical verification of the sites conducted on 16th April 2026 that the contractor had not implemented any environmental mitigation measures, such as tree planting, in five procurements worth UGX 1,686,783,565. The affected procurements are listed in Table 8 below:

Table 8: Procurements without ESHS issues

No.	Contract Description	Contract Amount (UGX)	Observation
1.	Renovation of Classroom Blocks at Pallisa Girls P/S, Omatakoja and Omaroka P/S	119,994,512	No trees planted
2.	Construction of Ubutete Seed Secondary School	474,834,180	
3.	Drilling and Installation of Boreholes - Lot 3 and Lot	117,179,800	No trees and grass planted
4.	Community Access Road Project	974,775,073	Several tree seedlings were supposed to be planted, but were not planted
5.	Drilling, Pump Testing, Installation of 05 Boreholes - Lot 2	115,179,800	No trees planted yet; they were provided for in the BOQs
Total		**1,686,783,565**	

Implication

Failure to implement environmental and social mitigation measures puts the communities where the projects are located at risk of the harmful effects of environmental degradation, such as climate change, ecosystem destruction, air pollution, and depletion of natural resources.

Management Response

Management stated the following:

- *That the ESHS component was included in the bidding documents and the ESMP was one of the requirements assessed during evaluation of bids, Natural Resources Sector specialists were also* *involved in preparation of respective sections of the bidding documents, such as the ESHS, ESMPs and evaluation of bids;*

- *That the Sector Specialists were also involved in contract implementation to ensure compliance with the ESHS and other related requirements, and have a section for their signature on the implementation certificates upon confirmation of conformity to the requirements of the contract; and*
- *That further emphasis will, however, be made to strengthen the implementation of the observation of EHS.*

Recommendation

The Accounting Officer should strengthen enforcement and monitoring of Environmental, Social, Health and Safety (ESHS) requirements during contract implementation to ensure that all environmental mitigation measures provided for in the contracts, Bills of Quantities and Environmental and Social Management Plans (ESMPs), such as tree and grass planting, are fully implemented before certification and payment of the respective contract items. In addition, the Entity should ensure that the relevant Sector Specialists and District Officers involved in ESHS matters actively participate in supervising and verifying compliance throughout contract execution in accordance with Section 66 of the PPDA Act, Cap. 205.

2.3.2 Failure to execute works in accordance with agreed contractual terms

Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023 requires a contract manager to make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract.

The Authority conducted physical verification on 13 procurement transactions worth UGX 2,081,870,593 and noted that two of the sampled procurements worth UGX 196,494,512 had anomalies for management attention as indicated in Table 9 below:

Table 9: Showing defects noted during physical verification

Subject: Fencing of Kaukura Seed Secondary School **Contractor** M/S Navo General Enterprises **Contract value: UGX** 76,500,000 **Contract date:** 11th June, 2025 **Completion date:** 13th September, 2025	The fence was loose and had not been properly stretched at the top

Subject: Renovatiopn of Classroom blocks at Pallisa Girls P/S Omatakojo P/S & Omuroka P/S **Reference:** PALI919/WRKS/24-25/00015 **Procurement method**: RFQ **Contractor** M/S IMAS Engineering **Contract value: UGX** 119,994,512 **Contract date:**12 May 2025 **Completion date:**12th April 2025 **Defects liability period:** 6 months	• Renovation works were not neat • Paint on the fascia board was peeling off. • Tiles at the entrance were getting off.

Captured above is the renovation works at Omotakojo

Implication

Failure to execute works in accordance with the agreed contractual terms undermines the attainment of value for money and exposes the Government to the risk of financial loss due to non-performance or unsatisfactory performance of a contract.

Management Response

Some effects seen during verification were within the defects liability period of 6 months which is insured by 10% retention money

Recommendation

The Accounting Officer should task Contract Management teams to closely monitor contractors in performance of contracts as per the terms and conditions specified in the Contract in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. All identified issues should be addressed immediately and a status given to the Authority within three months of this report.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This Section presents the procurement and disposal audit scores graphically.

3.1. Overall Procurement and Disposal Audit Conclusion

The performance of Pallisa District Local Government for the Financial Year 2024/25 was **Satisfactory** with an overall weighted average risk rating of **28%.**

3.2. Entity's Performance

The risk rating was weighted to determine the Entity's overall risk level. The weighting was derived using the average weighted index as detailed in Table 10 below:

Table 10: Summary of performance of Pallisa DLG

Risk Rating	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	0.0	0.0	0	0.0	0.6	0.0	0.0
Medium	5.0	26.3	1,879,160,358	54.7	0.3	7.9	16.4
Low	9.0	47.4	1,388,563,700	40.4	0.1	4.7	4.0
Satisfactory	5.0	26.3	169,652,000	4.9	0.0	0.0	0.0
Total	**19.0**	**100.0**	**3,437,376,058**	**100.0**	**1.0**	**12.6**	**20.4**

Weighted Average by Number = $\frac{12.6 \text{ X } 100}{60}$ = 21%

Weighted Average by Value = $\frac{20.4 \text{ X } 100}{60}$ =34%

The average weighted risk rating = $\frac{21 + 34}{2}$ = **28%**

Since 28% falls within the 0% - 30% risk range, the performance of the Entity is rated **Satisfactory** based on the 20 sampled procurement transactions as detailed in Table 11 below:

Table 11: 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: Risk Rating by Number

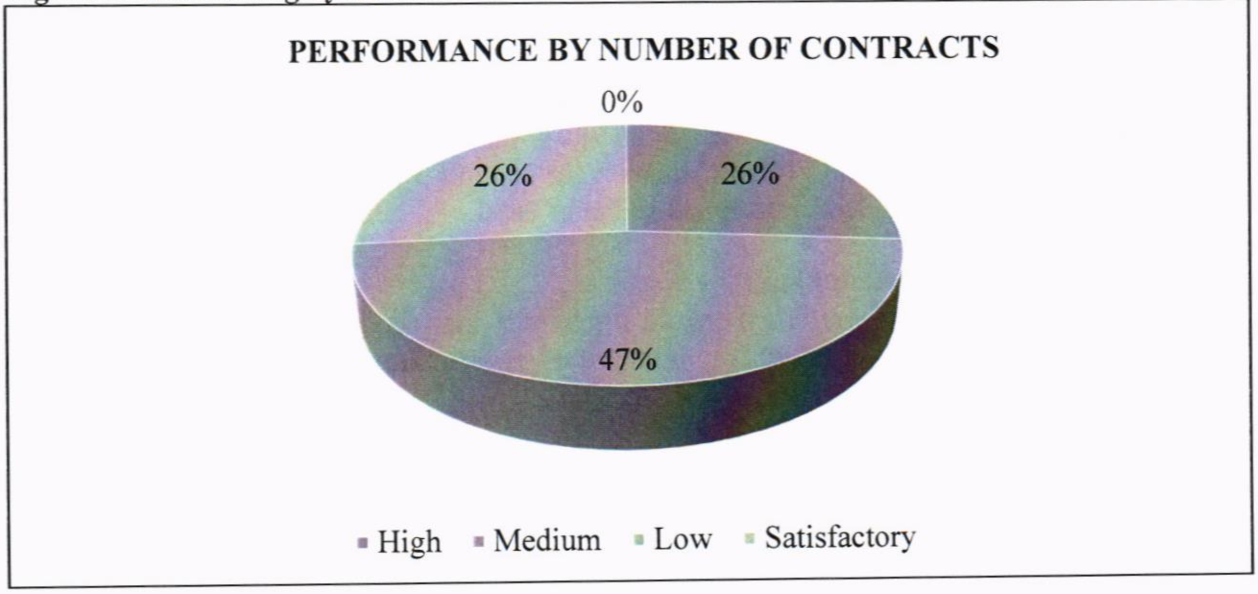
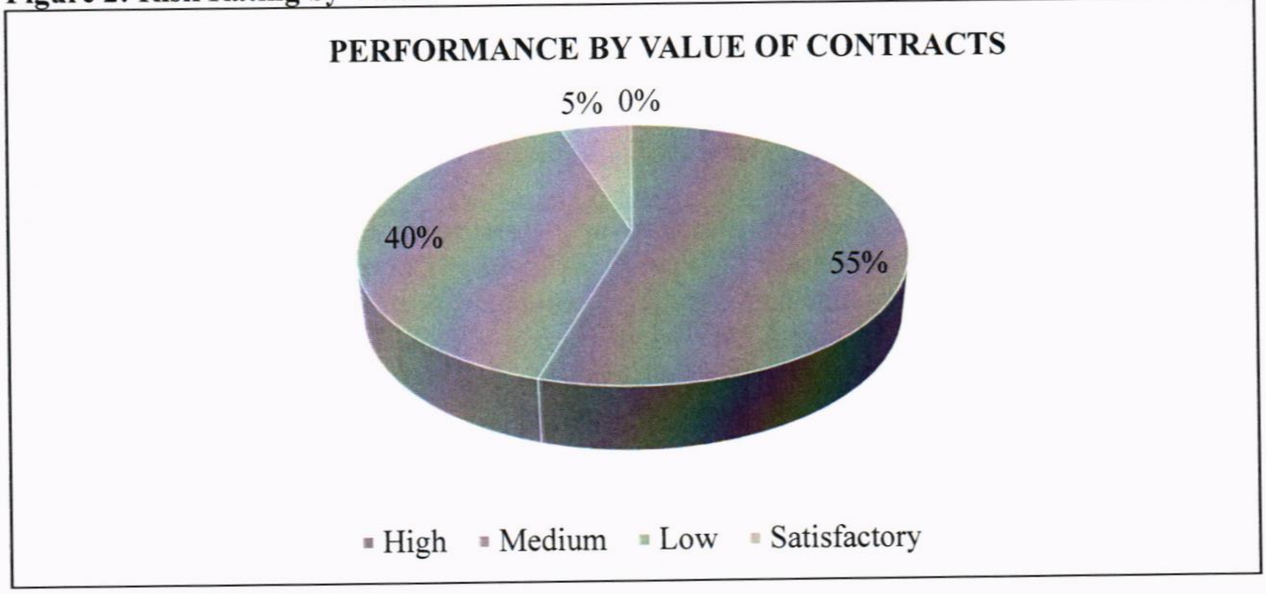


Figure 2: Risk Rating by Value



3.3.Audit opinion/Conclusion

The Authority established that the Entity maintained adequate procurement controls and approval structures were in place and operational. However, weaknesses in governance were noted evidenced by failure to implement 40% of the recommendations issued in the previous audit report. In addition, weaknesses were identified in procurement initiation, management of micro procurements, preparation and approval of solicitation documents and implementation of environmental mitigation measures.

While the weaknesses identified were not considered pervasive enough to undermine the overall integrity of the procurement and disposal system, they reveal shortcomings in governance, bid document preparation and contract management. Left unaddressed, these deficiencies may lead to inefficiencies in service delivery, reduced value for money, increased exposure to procurement risks, and failure to achieve intended development outcomes.

Based on the findings of the procurement and disposal audit exercise, the performance of Pallisa District Local Government for the Financial Year 2024/25 was assessed as **Satisfactory**, having attained an overall weighted average risk rating of **28%.**

3.4. Recommended Action Plan

Pallisa District Local Government should implement the recommendations in Table 12 below within the time frame given in order to improve its performance in Procurement and Disposal.

Table 12: Recommended Action Plan

Finding	Action/Recommendation	Responsible Officer	Timeline
Failure to implement audit recommendations	Designate an officer or committee to regularly monitor implementation status and report progress to Top Management	Accounting Officer	Within 30 days
Poor quality assurance of bidding documents	Scrutinize bidding documents thoroughly before approval to confirm completeness, accuracy, and compliance with applicable regulations.	Contracts Committee	Ongoing
Weak implementation of ESHS requirements	Strengthen monitoring and enforcement of ESHS requirements during contract implementation and involve relevant sector specialists in supervision and verification of compliance.	Accounting Officer /Contract Managers /Relevant Sector Specialists	Ongoing; before certification and payment of contract items
Capacity gaps in micro procurement processes	Conduct guidance and capacity-building initiatives for User Departments undertaking micro procurements	Accounting Officer/ Head PDU	Within 60 days
Weak contract monitoring	Rectify all defects noted during physical verification	Contract Managers	Within 30 days

ANNEX A: TRANSACTION LIST AND RATING PER CASE FOR PALLISA DLG

No	Reference number	Subject of procurement	Method of procurement	Provider	Contract amount (UGX)	Risk Rating
1.	PALI919/WRKS/24-25/00048	Fencing of Kaukura Seed Secondary School	RFQ	Navo General Enterprises	76,500,000	Medium
2.	PALI919/SRVCS/24-25/00003	Revenue collection from Kamuge Cattle Market (DDF) in Boliso 1 S/C	ODB	Boliso Community Tukolera am a Mult Purpose Cooperative Savings & Credit Society Ltd	74,100,000	Low
3.	PALI919/SUPLS/24-25/00025	Supply and Installation of Biometric Machine to Pallisa General Hospital	RFQ	Leo's Technology Hub Co. SMC Ltd	13,275,000	Low
4.	PALI919/WRKS/24-25/00040	Construction of School Structures at Kibale Secondary School	RFQ	Roofline Construction Co. Ltd	378,606,699	Medium
5.	PALI919/SUPLS/24-25/00018	Supply and Delivery of ICT Equipment to Pallisa District Local Government Akadot Seed School	ODB	Advanta (U) Ltd	154,410,000	Low
6.	PALI919/SUPLS/24-25/00018	Supply and Delivery of Science Equipment to Pallisa District Local Government Akadot Seed School	ODB	Batala General Supplies Ltd	55,946,000	Satisfactory
7.	PALI919/WRKS/24-25/00039	Construction of School Structures at Obutet Seed Secondary School in Obutet sub county	RDB	Mem Associates Ltd	474,834,180	Low
8.	PALI919/WRKS/24-25/00048/PALLIS	Design, supply and installation of UGIFT Micro scale Irrigation system for Orema George Mudala	RFQ	Yistam Enterprises	36,637,000	Satisfactory

No	Reference number	Subject of procurement	Method of procurement	Provider	Contract amount (UGX)	Risk Rating
	A/2024-07-25/MALE/98961					
9.	PALI919/WRKS/24-25/00048/PALLISA/2024-10-24/MALE/103141	Design, supply and installation of UGIFT Micro scale Irrigation system for OCHWA DAVID	RFQ	Yistam Enterprises	24,617,000	Satisfactory
10.	PALI919/WRKS/24-25/00048/PALLISA/2024-09-20/MALE/101301	Design, supply and installation of UGIFT Micro scale Irrigation system for OMONGOLE RICHARD	RFQ	Science Corner Engineering Ltd	20,080,000	Satisfactory
11.	PALI919/WRKS/24-25/00048/PALLISA/2024-10-10/FEMALE/103609	Design, supply and installation of UGIFT Micro scale Irrigation system for Apio Jane	RFQ	Yistam Enterprises	21,137,000	Low
12.	PALI919/WRKS/24-25/00001	Construction of Administration Block Phase VII	RDB	Katc Engineering Co. Ltd	329,284,074	Medium
13.	PALI919/WRKS/24-25/00005	Construction of Distribution Network for Chelekura Piped Water System Phase III	RDB	Icon Projects Ltd	388,507,920	Low
14.	PALI919/WRKS/24-25/00041	Construction of School Structures at Kaboloi Primary School	RFQ	Imas Engineering Co. Ltd	170,839,920	N/A
15.	PALI919/WRKS/24-25/00006	Borehole siting, drilling, pump testing, water quality	RFQ	East Africa Boreholes Ltd	115,179,800	Low

No	Reference number	Subject of procurement	Method of procurement	Provider	Contract amount (UGX)	Risk Rating
		testing, casting & installations of 5 Boreholes lot II				
16.	PALI919/WRKS/24-25/00007	Borehole siting, drilling, pump testing, water quality testing, casting & installations of 5 Boreholes lot III	RFQ	East Africa Boreholes Ltd	117,179,800	Low Risk
17.	PALI919/WRKS/24-25/00015	Renovatiopn of Classroom blocks at Pallisa Girls P/S, Omatakojo P/S & Omuroka P/S	RFQ	Imas Engineering Co. Ltd	119,994,512	Medium Risk
18.	PALI919/SUPLS/24-25/00005	Supply of 216 – 3seater desks to Boliso II P/S, Agule P/S, Agurur P/S, Kachango P/S & Abila Rock P/S under Education Department.	RFQ	Balbert Water Solutions	32,372,000	Satisfactory
19.	MoLG-NOSP/PALLISA/WORKS/919/2023-24/0003	Rehabilitation of 9.5km Community Access Road in Puti – Puti Sub County	ODB	Kethan Enterprises	974,775,073	Medium
20.	PALI919/SUPLS/24-25/0003	Supply and delivery of various tree seedlings to the District	RFQ	Mwamba Enterprises	29,940,000	Low
TOTAL					**3,608,215,978**	

ANNEX B: RISK RATING PER CASE

S/No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	**Subject:** Renovation of Classroom blocks at Pallisa Girls P/S Omatakojo P/S & Omuroka P/S **Reference:** PALI919/WRKS/24-25/00015 **Procurement method**: RFQ **Contractor** M/S IMAS Engineering **Contract value: UGX** 119,994,512 **Contract date:**12 May 2025 **Completion date:**12 APRIL 2025 **Defects liability period: 6 months**	**Physical verification issues** • Renovation works were not neat • Paint on the fascia board was peeling off. • Tiles at the entrance were getting off.
2.	**Subject:** Fencing of Kaukura Seed Secondary School **Reference:** PALI919/WRKS/24-25/00048 **Method**: RFQ **Contractor** M/S Navo General Enterprises **Contract value: UGX** 76,500,000 **Contract date:**11TH June, 2025 **Completion date:**13TH September, 2025 **Defects liability period:**6 MONTHS	**Physical verification issues** The fence was loose and had not been properly stretched at the top
3.		
4.	**Subject:** Construction of Administration Block Phase VII **Reference:** **PALI**919/WRKS/24-25/00001 **Contractor:** M/S Katc Engineering **Contract value UGX** 329,284,074 **Method**: RDB **Contract date:**13 February 2025 **Completion date:** 13th May 2025 **Defects liability period:** 6 Months	• **Confusing requirements.** Whereas, GCC 52.1 stated the requirement for a performance securing declaration. GCC 52.3 stated that; *"the standard form of performance securing declaration acceptable to the PDE shall be an irrevocable and unconditional insurance bond payable on demand.* This implies that GCC 52.3 referred to a performance bond whereas 52.1 referred to a performance securing declaration. **Restrictive requirements.** Bidders were required to provide average annual turnover of UGX 800,000,000 which was extreme compared to the estimated value of the procurement of UGX 400,000,000, additionally, bidders were required to meet a required experience of atleast three contracts within the last three years each with a value of UGX 800,000,000.
5.	**Subject:** Rehabilitation of Community Access Road 9.5KM **Reference:** MOLG-NOSP/PALLISA/WRKS/2023-2024/00032 **Contractor:** Ms Kethan Enterprises **Contract value UGX** 974,775,073	Trees were not planted

S/No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	Method: ODB **Contract date:** 23RD DECEMBER 2024	
6.	**Subject:** Construction of Structures at Kibale Secondary School **Reference:** PALI919/WRKS/24-25/00040 **Contractor**: Roofline Construction Co Ltd **Method:RFQ** **Contract value: UGX** 378,606,699 **Contract date:**16 MAY 2025 **Completion date:**16 SEPT 2025 **Defects liability period:**6 MONTHS	• The BOQs do not incorporate environmental mitigation measures such as planting of trees. • Invitation of incompetent providers. The Authority noted that whereas, the Entity received bids from three shortlisted providers namely Jeo consults (U) Limited, Multicare Holdings Limited and Yalama Holdings Limited, they were all eliminated on trivial issues at the preliminary stage that could have been identified at prequalification and preliminary market assessment. Bidders were eliminated on issues like NSSF certificate (all three did not comply), Powers of attorney, payment of nonrefundable fees,bid securing declaration, signed ESHS management plan. Additionally, whereas, the entity conducted another procurement process still three bidders out of the four bidders that responded namely; Letsom Investments Limited, Katc Engineering Limited and Imas Engineering Limited were eliminated for not providing a tax clearance certificate.

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	**Subject:** Drilling, Pump Testing, Installation of 05 Boreholes - Lot 3 **Reference:** PALI919/WRKS/24-25/00015 **Procurement method**:RFQ **Contractor** M/S East Africa Boreholes **Contract value: UGX** 117,079,800 **Contract date:**12th December 2024 **Defects liability period: 6 months**	There were no environmental mitigation measures executed at the site.
2.	**Subject:** Supply and Installation of Biometric Machine to Pallisa General Hospital **Reference;** PALI919/SUPLS/24-25/00025 **Method**: RFQ **Contractor:** Leo's Technology Hub Co. SMC Ltd **Contract Value: Ugx**13,275,000	• Confirmation of funding to procure without delegated authority from the Accounting Officer. • Failure to attach specifications at initiation
3.	**Subject:** Supply and Delivery of ICT Equipment **Reference:** PALI919/SUPLS/24-25/00018 **Contractor:** Advanta (U) Limited **Contract value UGX** 154,410,000	1. GCC 16.1 stated that the structure of payment shall be 20% advance payment and 80% after delivery, however, GCC 17.1 stated that an advance payment guarantee shall not be required, which was misleading since advance payment must be contingent on an advance payment guarantee.

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	Method: ODB **Contract date:** 25TH APRIL 2025 Contract Period: 18 Months **Date of delivery: 30 days** **Defects liability period**	2. Conflicting provisions. The delivery and completion schedule indicated that delivery was expected within 45 days, however, GCC 12 indicated that the date of delivery shall be within 30 days after contract signing.
4.	Subject Subject: Construction of Ubutete Seed Secondary School Reference: PALI919/ WRKS/24-25 /00039 **Contractor: M/s MEM Associates ltd** **Contract Value:** UGX 474,834,180 **Contract date: 24th February,2025** **Completion date:20th Jumne, 2025** **Defects liability period: 6 months**	**Issues noted during physical verification** no trees planted
5.	**Subject:** Rehabilitation of Chelekura Water System Phase III **Reference:** PALI919/WRKS/24-25/00005 **Contractor:** Icon Projects Limited **Contract value: UGX** 388,507,920 **Method:** RDB **Contract date:** 13TH FEBRUARY 2025 **Completion date:13th MAY 2025** **Defects liability period: 6 Months**	**Restrictive requirements**. The requirement for minimum average annual turnover was UGX 1,200,000,000 against an estimated amount of UGX 418,793,000. Additionally, the bidder was required to have a credit line of 1,500,000,000. Under experience, the contractor was required to provide evidence in form of previous certificates of at least UGX 1,500,000,000 which was restrictive because the estimate was UGX 418,793,000.
6.	**Subject:** Drilling, Pump Testing, Installation of 05 Boreholes - Lot 2 **Reference** PALI919/WRKS/24-25/00006 (Lot 2) **Procurementmethod**:RFQ **Contractor** M/S East Africa Boreholes **Contract value: UGX** 115,179,800 **Contract date:** 12th DECEMBER 2024 **Completion date:**12th March 2025 **Contract Period:** THREE MONTHS **Defects liability period:** 6 MONTHS	No environmental mitigation measures implemented.
7.	**Subject:** Revenue Collection from Kamuge Cattle Market **Reference**: PALI919 /SRVS/24-25 /00002 **Contractor:** M/S Boliso Cattle Vendors SACCO **Contract Value:** UGX 74,100,000 **Contract date: :** 30th September 2024 **Completion date: :** 30th September 2025	Low bidder participation only 2 bidders participated

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	Contract period: 12 months	
8.	**Subject**: Supply and Delivery of 17,300 Tree Seedlings **Reference**: PALI919/SUPLS/24-25/00020 **Contractor:** M/S Mwamba Enterprises **Contract Value:** UGX 13,753,000 **Contract date: 12th May 2025** **Completion date:** 12th April 2025 **Defects liability period: NA**	Delayed initiation of procurements, 2.5 months delay noted at initiation;
9.	**Subject**: Design, Supply and Installation of Micro Scale Irrigation equipment **Reference: PALI**919/WRKS/24-25/00037 **Method**: RFQ **Contractor** M/S Yistam Enterprise System **Contract value: UGX** 21,137,000 **Contract date: 18th February, 2025** **Completion date:** 30TH MAY 2025 **Defects liability period:**6 Months	Failure to attach specifications at initiation

No	SATISFACTORY CONTRACTS	REASONS FOR SATISFACTORY
1.	**Supply Of 216 -3seater Desks To Boliso Ii P/S, Agule Ps, Nyago Ps, Agurur Ps, Kachango P/S, And Abila Rock P/S Under Education Department** **Contractor:** Balbert Water Solutions Ltd **Reference:** Pali919/Supls/24-25/00005 **Contract Amount:** 32,372,000 **Date Of Contract Signature:** 12 December 2024	**No exceptions noted**
2.	Supply and Delivery of Science Equipment to Pallisa District Local Government Akadot Seed School **Method:** ODB **Contractor:** Batala General Supplies Ltd **Subject:** 55,946,000	**No exceptions noted**
3.	**Subject**: Design, Supply and Installation of Micro Scale Irrigation equipment for Ocwa David **Reference: PALI**919/WRKS/24-25/00037	**No exceptions noted**

No	SATISFACTORY CONTRACTS	REASONS FOR SATISFACTORY
	Method: RFQ **Contractor** M/S Yistam Enterprise System **Contract value: UGX** 24,617,000 **Contract date: 18th February, 2025** **Completion date:** 30TH MAY 2025 **Defects liability period:**6 Months	
4.	**Subject**: Design, Supply and Installation of Micro Scale Irrigation equipment for Orema George **Reference:** PALI919/WRKS/24-25/00048/PALLISA/2024-07-25/MALE/98961 **Method**: RFQ **Contractor** M/S Yistam Enterprise System **Contract value: UGX** 24,617,000 **Contract date: 18th February, 2025** **Completion date:** 30TH MAY 2025 **Defects liability period:**6 Months	**No exceptions noted**
5.	**Subject**: Design, Supply and Installation of Micro Scale Irrigation equipment **Reference:** **PALI**919/WRKS/24-25/00037 **Method**: RFQ **Contractor** M/S Yistam Enterprise System **Contract value: UGX** 21,137,000 **Contract date: 18th February, 2025** **Completion date:** 30TH MAY 2025 **Defects liability period:**6 Months	**No exceptions noted**

Other cases

1.	**Reference:** PALI919/WRKS/24-25/00041 **Subject:** Construction of School Structures at Kaboloi Primary School **Method:** RFQ **Contractor:** Imas Engineering Co. Ltd **Contract Amount:** 170,839,920	The File was stolen and the case was reported to police

ANNEX C: 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 to 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 an award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports, and contracts.	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

RISK	DESCRIPTION	AREA	IMPLICATION
MEDIUM	Procurements that were considered to have weaknesses, 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.	**Planning:** Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.	This implies a lack of efficiency, standardization, and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.
		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 amendments and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.

RISK	DESCRIPTION	AREA	IMPLICATION
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health, and safety. Aspects of gender, social inclusion, environment, health, and safety are not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practices. Deviations from laid down detailed procedures would 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.		