PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

"Regulating for Results"

REPORT ON THE PROCUREMENT AND DISPOSAL AUDIT OF MINISTRY OF DEFENCE AND VETERAN AFFAIRS FOR THE FINANCIAL YEAR 2024/2025

JULY 2026

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Acronyms

ATMIS	African Union Transition Mission in Somalia
FY	Financial Year
GCC	General Conditions of Contract
MODVA	Ministry of Defence and Veteran Affairs
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/Secretary to Treasury
SCC	Special Conditions of Contract
UGX	Uganda Shillings
UPDF	Uganda Peoples Defence Forces

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Ministry of Defence and Veteran Affairs that covered 16 sampled procurement transactions under the Financial Year 2024/2025.

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

From the findings of the audit exercise, the summary performance of the Entity revealed an overall weighted average risk rating of **20.1%** which is a **Satisfactory performance** as per the ranking in Table 10 of the enclosed detailed report.

The key positive noted during the audit was that the Procurement structures were in place and there was visible segregation of duties between the Accounting Officer, Contracts Committee, Evaluation Committees, User Departments and Procurement and Disposal Unit enhancing checks and balances thus increasing accountability along the procurement cycle. The Entity complied with applicable disposal requirements.

Despite the satisfactory performance of the Entity, the following key exceptions were noted:

1. Failure to implement all planned procurements for FY 2024/25 with 78.6% implementation rate and a variance of UGX 119,252,844 equivalent to 21.4% contrary to Section 60 (2) (d) of the PPDA Act Cap. 205. This may result in failure to acquire critical strategic and operational requirements affecting the Entity's ability to fulfil its mandate.

2. Failure to fully implement previous audit recommendations for the FY 2023/2024 contrary to Section 10 (1) of the PPDA Act Cap. 205. One recommendation was implemented while two recommendations were partially implemented. This led to recurrence of audit findings, increases operational and compliance risks and undermines continuous improvement efforts.

3. Low bidder participation in seven procurements worth UGX 26,996,132,303 with an average number of five bids received against an average number of 40 firms invited. This was in contravention of the principle of competition prescribed under Section 49 of the PPDA Act Cap. 205. This exposes the Entity to paying higher prices for procurement requirements due to limited competition.

4. Delayed contracting in five procurements worth UGX 4,464,618,360 averaging seven weeks between receipt of Solicitor General's clearance of the draft contract and execution of contracts, contrary to Section 51 of the PPDA Act Cap. 205. This postpones commencement of contract implementation and service delivery thus procurement objectives may not be achieved within planned timelines.

5. Inconsistencies in the terms in bidding documents and those in the contracts in four procurements worth UGX 7,717,316,203 contrary to PPDA Guideline No. 3 of 2024 on Bid and Performance Securities. For instance, in the procurement of assorted clothing under

framework, the bidding document required a performance securing declaration yet the contract provided for performance security of 10%. Inconsistencies between the bidding documents and the final contract provisions particularly regarding performance security requirements may weaken safeguards intended to protect Government interests in the event of contractor default.

6. Unrealistic delivery timelines in two contracts worth UGX 4,282,170,563. The contracts stated six and three weeks respectively yet items were to be imported. The delivery schedules stated in the contract did not adequately consider procurement lead times, importation requirements and prevailing market conditions. Unrealistic delivery periods lead to disruptions to the Entity's operations since the two suppliers were unable to comply with contractual timelines leading to undesired request for contract extensions and implementation delays. This led to delayed service delivery to the intended beneficiaries.

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

1. The Accounting Officer, who has the overall responsibility for the execution of the procurement functions should:
   (i) Institute quarterly reviews to align planned procurements with actual budget releases. Any significant changes should be formally approved and reflected in updated procurement plans in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023.

   (ii) Develop and maintain an audit recommendation implementation tracker indicating the responsible officer, actions required, timelines and implementation status for each recommendation.

   (iii) Undertake a comprehensive assessment of factors affecting bidder participation, including adequacy and competitiveness of technical specifications, realism of delivery schedules and contract conditions, market capacity and supplier availability, reasons for non-submission by invited bidders.

   (iv) Establish and enforce internal timelines within which contracts approved by the Solicitor General should be commenced or executed so as to enhance efficiency in accordance with Section 51 of the PPDA Act Cap. 205.

   (v) Implement a contract quality assurance mechanism by tasking the Legal team to conduct review and certification of contract documents prior to signing.

2. The Head Procurement and Disposal Unit should undertake market assessments before establishing delivery schedules and involve the User Departments in determining realistic implementation timelines.

3. The Contract Managers should track delayed contracts and escalate these to Top Management for prompt action.

The Ministry of Defence and Veteran Affairs should implement the recommended action plan on pages 21 and 22.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a procurement and disposal audit of the Ministry of Defence and Veteran Affairs (MoDVA) that covered 16 procurement transactions under Financial Year 2024/2025. The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act Cap. 205, Regulations 2023 and PPDA Guidelines.

1.2 Objective of the audit

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 and Regulations, 2023 and assess 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 Entity with the general provisions of the PPDA Act, Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines with regard to the performance of the procurement structures and conduct of procurement processes;

2. Assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act Cap. 205 and PPDA Regulations, 2023;

3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety requirements where applicable; and

1.3 Structure of the Entity

The primary mandate of the Ministry of Defence and Veteran Affairs (MODVA) is to preserve and defend the sovereignty and territorial integrity of the country, while ensuring the welfare of military veterans and contributing to regional stability.

The Ministry's mandate is derived from the 1995 Constitution of the Republic of Uganda (specifically Articles 208 and 209), which establishes and directs the Uganda Peoples' Defence Forces (UPDF) to carry out several core functions such as the following:

1. Defending National sovereignty;
2. Civil Authority support;
3. Veteran Welfare;
4. Regional and International peace; and
5. Capacity building.

a) The Accounting Officer

According to Section 28 of the PPDA Act Cap. 205, the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity is vested with the Accounting Officer. The Accounting Officer of Ministry of Defence and Veteran Affairs during the Financial Year under review was the Under Secretary, Ms. Edith Buturo.

b) Contracts Committee

The Permanent Secretary/Secretary to Treasury approved the members of the Contracts Committee listed in Table 1 below:

Table 1: Membership of the Contracts Committee

No.	Name	Job Tittle	Position on Contracts Committee	Date of Appointment
1.	Brig. Gen. Tom Kabuye	Deputy Assistant Chief Defence Intelligence & Security- INT (DACDIS) - Deceased	Chairman	1st September 2023
2.	Brig Gen. Julius Bagonza	Director- Human Resource- Airforce	Member	31st August 2023
3.	Lt Col. Tefro K. Kyatuka	Assistant Legal Officer- Ministry of Defence	Legal Officer-Member	7th July 2022
4	Mr. Kadhaya Michael	Principal ICT Officer	Member	20th July 2023
5.	Ms. Aminata Oduka	Assistant Secretary	Secretary	23rd October 2023

c) User Departments

MODVA has a number of Units listed under **Annex 3.**

1.4 Scope of the Audit

The audit exercise covered a sample of 16 procurement and disposal transactions worth UGX 87,898,980,717 conducted during the FY 2024/25, a review of procurement structures, procurement plan performance and disposal process. The list of sampled transactions is contained in **Annex 2.** The sample was selected based on stratified random sampling using Contracts Committee minutes and monthly procurement and disposal reports. The distribution of the transaction population and the sample is in Table 2 below:

Table 2: MODVA population and sample analysis

Method of procurement	Popn. Value in (UGX)	Sample value (UGX)	% By value	Popn No.	Samp. No.	% By Number
Open Domestic Bidding	35,718,000,000	1,226,571,000	3.43	10	1	10
Request for Quotations	4,908,000,000	0	0	45	0	0
Direct Procurement	67,968,000,000	40,852,382,800	60.1	32	4	12.5

Method of procurement	Popn. Value in (UGX)	Sample value (UGX)	% By value	Popn No.	Samp. No.	% By Number
Restricted Domestic Bidding	195,810,000,000	15,354,080,698	7.8	104	9	8.6
Framework/Call-off orders	117,600,670,000	15,282,695,000	12.9	20	1	5
Force on Account	14,973,251,219	14,973,251,219	100	1	1	100
Disposal	-	-		1	1	100
TOTAL	**436,978,741,128**	**87,898,980,717**	**20.1**	**213**	**16**	**7.9**

Source: Entity's Monthly Reports submitted to PPDA

1.5 Methodology

On 31st March 2026, the Entity was notified about the audit exercise. A sample of 16 procurement and disposal transactions were selected based on stratified random sampling, from the Entity's monthly procurement reports and Contracts Committee minutes. An audit launch meeting was held on 14th April 2026 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. The team also reviewed the procurement plan for the Financial Year 2024/25 for the Entity.

On completion of field work, the audit team met with various stakeholders to discuss and get clarifications on some of the preliminary findings. A debrief meeting was held on 29th May 2026 between the audit team and the Entity's officials. A management letter dated 8th June 2026 was issued to the Entity for management's response expected on 15th June 2026 and the exit meeting for 16th June 2026. However, the Entity responses were submitted on 8th July and the exit meeting held on 10th July 2026 at the PPDA Head Office, Kampala.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 Compliance by the Entity with the general provisions of the PPDA Act Cap. 205 and PPDA Regulations 2023 and PPDA Guidelines with regard to the performance of the procurement structures and conduct of procurement processes

2.1.1 Failure to fully implement the Procurement Plan

Section 60 of the PPDA Act Cap. 205 states that *"A Procuring and Disposing Entity shall plan its procurement and disposal in a rational manner and in particular shall integrate its procurement budget with its expenditure programme"*. The Entity had an approved procurement plan worth UGX 556,231,585,743 for non-classified procurements for Financial Year 2024/2025. Table 3 shows the procurement implementation rate of 78.6%.

Table 3: Implementation of the Procurement Plan

Total procurement plan value (UGX)	556,231,585,743
Total procurement spend value	436,978,741,128
Procurement Budget not implemented during FY 2024/2025	119,252,844,615
Procurement plan implementation rate (%)	78.6
Variance (%)	21.4

Note:

(i) Construction works worth UGX 94,000,000,000 covering Block E of the UPDF National Referral Hospital did not take off because designs were being reviewed and funds had also not been availed.

(ii) Procurement budget worth UGX 25,252,844,615 (4.5%) was not implemented and no details were provided.

Implication

This may result in failure to acquire critical strategic and operational requirements to preserve, defend and protect the country and its people.

Management Response

Under Minute 503 of the 051 CCM FY 24/25, Contracts Committee approved the updated Procurement and Disposal Plan FY 2024-25 to bring the total requirements to UGX 556,231,585,743. This included construction works worth UGX 94 billion covering block E of the UPDF National Referral Hospital for which funds were not availed during the Financial Year. The procurement plan of UGX 556,231,585,743 was not fully funded.

Recommendation

The Accounting Officer should institute quarterly reviews to align planned procurements with actual budget releases. Any significant changes should be formally approved and reflected in updated procurement plans in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023.

1.1.2 Implementation of previous Audit Recommendations for FY 2023/2024

Section 10 (1) (a) of the PPDA Act Cap. 205 requires a Procuring and Disposing Entity to implement audit recommendations made by the Authority. The Authority conducted an audit of the Entity for Financial Year 2023/2024. Out of the three recommendations made, one was fully implemented and two were partially implemented. Table 4 below lists the audit recommendations that were not fully implemented:

Table 4: Previous Audit Recommendations that were not fully implemented

No.	Recommended Action	Status of Implementation	*Management Response*
1.	The conditions of contract should not be altered in the course of the procurement process except with sufficient justification. The conditions of contract in signed contracts should be the same as those provided in the bidding document in accordance with Section 48 of the PPDA Act Cap. 205.	Partially Implemented	*The Entity conducted capacity building and stakeholder engagements with the Officers responsible for drafting contracts and bid preparation. Emphasis was made on the need to harmonize contracting terms in the bid document with the draft contract.* ***<u>Authority's Comment</u>*** The Authority noted the Entity's response and commends the initiative.
2.	User Departments when setting delivery timelines should take into consideration factors that are likely to influence and cause delay in order for the bidding document and contract to communicate realistic delivery periods.	Partially Implemented	*The Entity has improved the planning function to make sure procurements are initiated in time.* *User departments were appraised of the need to set realistic delivery periods. There is now a shift from stating "<u>urgent</u>" as the time when supplies are required, to more realistic delivery periods, within acceptable lead-times.* *Capacity building has been ongoing for officers handling bid preparation to take into account achievable timelines.* ***<u>Authority's Comment</u>*** The Authority noted the Entity's response. However, the finding is maintained given the occurrence of setting unrealistic delivery periods in

No.	Recommended Action	Status of Implementation	*Management Response*
			two contracts in the sampled procurements.

The Authority noted that recurring weaknesses relating to unrealistic delivery period, contract management and variations in the contract terms continue to be reported despite previous management commitments. These recurring scenarios are due to urgency created by User Departments and internal approval process in drafting of contracts.

This indicates that corrective actions arising from audit findings are not being effectively monitored and enforced.

Implication

- Control weaknesses remain unresolved, increasing exposure to procurement and contract management risks.
- Repeated audit findings may indicate weak management accountability and oversight.
- The Authority's guidance from audits may not yield the intended improvements in governance and Entity's performance.

Management Response

- *Management enhanced functions of the Contract Management Desk to include Audit Recommendation tracking and preparation of quarterly progress reports to Top Management.*
- *Responsible officers are required to account for any delays in action.*

Recommendation

The Authority noted the Entity's response and initiatives made so far. However, the Accounting Officer should develop and maintain an audit recommendation implementation tracker indicating the responsible officer, actions required, timelines, and implementation status for each recommendation. Failure to implement this recommendation may result in the Authority invoking appropriate actions for non-compliance in accordance with Section 10 of the PPDA Act Cap. 205.

1.1.3 Low Bidder Participation

The Authority noted low bidder participation in the following seven procurements worth UGX 26,996,132,303.

A review of sampled procurements revealed low bidder participation despite a relatively high number of invited providers. In the case of assorted clothing only 8% bids were received despite invitations being issued to 142 potential providers.

The low response rate may indicate underlying market, specification, competition or procurement process challenges that limit effective participation. Table 5 below shows the procurements with bidder participation:

Table 5: Procurements with Low bidder participation

No.	Subject of Procurement	Observation
1.	Procurement of assorted clothing Items under a framework contract for 24 calendar years, Lot 3: Gumboots Procurement Reference: MD/SUPLS/23-24/00208 Procurement Method: Restricted Domestic Bidding Provider: Birya Limited Agencies Contract Sum: UGX 3,584,000,000	The Entity invited 142 providers for Lot 3; gumboots and 12 providers submitted bids.
2.	Procurement of Spare Parts for UPDF Command Staff fleet in 2024/2025 Procurement Reference: MD/SUPLS/24-25/00052 Procurement Method: Restricted Domestic Bidding Provider: Rite Tech Auto Services Ltd Contract Sum: UGX 3,210,590,203	A total of 11 firms were issued the bidding document on 22nd October 2024. Two firms submitted namely CFAO Mobility (U) Ltd and Mighty Rides (U) Ltd.
3.	Procurement of UPDF Services Formation and Unit Logos Procurement Reference: MD/SUPLS/24-25/00111 Procurement Method: Restricted Domestic Bidding Provider: NISA Investments Ltd Contract Sum: UGX 2,124,830,800	A total of 30 firms were invited and 29 bought the bidding document. Eight firms submitted.
4.	Procurement of two Military Vehicles Procurement Reference: MD/SUPLS/24-25/00072 to 00078 Procurement Method: Restricted Domestic Bidding	A total of 23 firms were issued with the bidding document. However only one bidder submitted on 6th October 2025.

No.	Subject of Procurement	Observation
	Mighty Rides Ltd Contract Sum: LOT1 (a)– UGX 507,000,000 LOT 1 (b) – UGX 277,500,000 LOT 2- UGX 250,000,000 LOT 3- UGX 188,524,300	
5.	Procurement of two official vehicles for Chief of Staff and Station Wagon for Military Assistant to Special Presidential Advisor on Defence. Procurement Reference: MD/SUPLS/24-25/00047 Procurement Method: Restricted Domestic Bidding Mighty Rides (U) Ltd Contract Sum: UGX 680,000,000	A total of 18 firms were issued the bidding document and only three submitted on 22nd October 2024.
6.	Procurement of dry ration under Framework for 24 calendar months Procurement Reference: MD/SUPLS/23-24/00004 Procurement Method: Restricted Domestic Bidding Provider: Merge (U) Ltd Contract Sum: UGX 15,282,695,000	A total of 37 bidders were approved by the Contracts Committee. Five bidders submitted on 8th August 2024.
7.	Procurement of storage facilities for Ug-Cont under ATMIS Procurement Reference: MD/SUPLS/24-25/00053 Procurement Method: Restricted Domestic Bidding Provider: Bessel Trading Co. Ltd Contract Sum: UGX 890,992,000	A total of 24 firms were invited on 6th October 2024. Seven firms submitted.

The Authority further observed that in some cases where a large number of pre-qualified bidders were invited, this may lead to some potential bidders not participating due to the low odds of winning due to the large pool of providers invited.

Implication

- Reduced competition may limit the Entity's ability to obtain value for money.
- Procurement outcomes may become dependent on a limited supplier base.

Management Response

- *The Entity had planned a Suppliers' Conference in the First Quarter of FY 2026-2027 to appraise potential Providers of Entity expectations during bidding, appreciate providers' expectations and communicate the need for compliance with the terms of bidding for future procurements.*
- *The Entity had tasked responsible departments to review the extent to which low bidder participation could be caused by inadequacy in technical specifications, impractical delivery schedules and un realistic contract conditions, incapacity of market and supplier in availability, using sampled files and submit a report by the end of July 2026.*

Recommendation

The Accounting Officer should undertake a comprehensive assessment of factors affecting bidder participation, including:

i. Adequacy and competitiveness of technical specifications;
ii. Realism of delivery schedules and contract conditions;
iii. Market capacity and supplier availability; and
iv. Reasons for non-submission by invited bidders.

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

2.2.1 Disposal Process

Review of disposal activities established that the Entity substantially complied with applicable disposal requirements. Disposal planning was undertaken, valuations were conducted, approvals were obtained, proceeds amounting to UGX 905,149,000 were remitted to the Consolidated Fund, contract management reports prepared by both the auctioning firms and the Ministry's contract management Team and asset records were updated accordingly. This was a positive achievement by the Ministry's management. Management should sustain the current level of compliance and further strengthen disposal reporting by including:

i. Reserve values and disposal proceeds.
ii. Percentage recovery rates.
iii. Analysis of realised value against valuation estimates.

2.3 Efficiency and Effectiveness in Contract Implementation, adherence to and Implementation of Environmental, Social, Health and Safety safeguards in the Procurement Process and Contract Implementation

2.3.1 Delay in Contracting

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

A review of sampled contracts revealed delays averaging seven weeks between receipt of Solicitor General clearance and execution of contracts. In one case, contract execution was delayed by 12 weeks. Five procurements worth UGX 4,464,618,360, depicted delayed period indicated in Table 6 below:

Table 6: Procurements with delayed Contracting

No.	Subject of Procurement	Observation
1.	MD/SUPLS/24-25/00036 Procurement of Assorted Accommodation items UGX 1,579,320,000	Solicitor General approved the draft contract on 13th February 2025. The contract was signed on 14th April 2025. The duration between approval of the draft contract and signing of the contract was eight weeks.
2.	Procurement of Tyres for Special Forces Command and Operation Shuja in the Democratic Republic of Congo MD/SUPLS/24-25/00034 Restricted Domestic Bidding IBS Motors UGX 1,071,580,360	The Solicitor General approved the draft contract on 8th January 2024. The contract was dated 17th February 2025. The duration between approval of the draft contract and signing of the contract was five weeks.
3.	Procurement of two official vehicles for Chief of Staff and Station Wagon for Military Assistant to Senior Presidential Advisor on Defence MD/SUPLS/24-25/00047 Restricted Domestic Bidding Mighty Rides (U) Ltd UGX 680,000,000	The Solicitor General approved the draft contract on 20th January 2025. The contract was dated 6th March 2025. The duration between approval of the draft contract and signing of the contract was five weeks.
4.	Procurement of Non-consultancy services for disposal of obsolete returned stores	The draft contract was approved by Solicitor General on 22nd May 2025. The Entity had submitted to Solicitor General on 9th April 2025. The contract was dated 2nd September

No.	Subject of Procurement	Observation
	MD/NCONS/24-25/00001 Direct Procurement Luwero Industries Ltd UGX 242,726,000	2025. The duration between approval of the draft contract and signing of the contract was 12 weeks.
5.	Procurement of storage facilities for Uganda Contigent under ATMIS MD/SUPLS/24-25/00053 Restricted Domestic Bidding Bessel Trading Co. Ltd UGX 890,992,000	The Notice of Best Evaluated Bidder (NOBEB) was from 11th to 22nd November 2024. The Entity submitted the draft contract to Solicitor General on 10th January 2025, which was approved on 6th February 2025 and contract signed on 12th March 2025. The duration between approval of the draft contract and signing of the contract was five weeks.

Implication

- Delays postpone commencement of contract implementation and service delivery.
- Procurement objectives may not be achieved within planned timelines.
- Extended delays expose the Entity to price escalation and changing market conditions.

<u>Management Response</u>

Management stated as follows:

- *Despite having Solicitor General's approval, the Accounting Officer could not sign Contracts before conclusion of internal quality checks through the progression ladder, final confirmation of funding and the necessary internal clearance of the contract.*
- *The responsible officers have varying work schedule; the Accounting Officer will endeavor to apply practical timelines within which action on the progress ladder should be taken.*
- *The contract documents can be voluminous and in multiple copies, yet require scrutiny before appropriate approvals by all stakeholders in the progression ladder impacting time spent in the clearance of contracts.*
- *A quality assurance desk with representatives from the Director Legal Affairs, end Users and Procurement and Disposal Unit had been established to harmonize contract formation and approval processes, including compliance with timelines.*

Recommendation

The Authority noted the Entity's response including the efforts put in place to mitigate the challenges, but maintains the finding and recommends as follows:

i. The Accounting Officer should establish and enforce internal timelines within which contract approved by Solicitor General should be commenced or executed; and
ii. Delayed contracts should be tracked and escalated to Top Management for prompt action.

2.3.2 Inconsistencies in the terms in the bidding document and those in the contract

Section 48 of the PPDA Act Cap. 205 states that '*every procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness*'.

Review of contracts worth UGX 7,717,316,203 identified inconsistencies between bidding documents and final contract provisions, particularly regarding performance security requirements. The Authority observed that the changes made in the draft contract were by the legal team and in the above cases the terms differed from those that were in the bidding document. The affected contracts are detailed in Table 7:

Table 7: Procurements with Inconsistencies in the terms in the bidding document and the contract

No.	Name of Procurement	Observation
1.	Procurement of assorted clothing items under a framework contract for 24 calendar years, Lot 3 Gumboots MD/SUPLS/23-24/00208 Restricted Domestic Bidding Birya Limited Agencies UGX 3,584,000,000	Change in terms stated in the Special Conditions of Contract (GCC 18.1) from those stated in the bidding document: The bidding document required bidders to submit performance securing declaration under Section 3, Evaluation Methodology and Criteria. However, the contract required a performance security of 10% of the value of each call-off order.
2.	Procurement of spare parts for UPDF Command Staff fleet in 2024/2025 MD/SUPLS/24-25/00052 Restricted Domestic Bidding Rite Tech Auto Services Ltd UGX 3,210,590,203	The bidding document indicated under the Special Conditions of Contract (GCC 19.1) that performance security shall not be required and that performance securing declaration shall be submitted. The Authority noted that the contract under Special Conditions of Contract (GCC 19.1) stated that performance security would not be required. Performance securing declaration was also not stated as a requirement.
3.	Procurement of two official vehicles for Chief of Staff and Station Wagon for Military Assistant to SPAD MD/SUPLS/24-25/00047 Restricted Domestic Bidding	The bidding document required 5% performance security while the contract indicated 10% performance security.

No.	Name of Procurement	Observation
	Mighty Rides (U) Ltd UGX 680,000,000	
4.	Procurement of Non-consultancy services for disposal of obsolete returned stores MD/NCONS/24-25/00001 Direct Procurement Luwero Industries Ltd UGX 242,726,000	The bidding document indicated that performance security was not applicable yet the contract indicated that performance security of 5% was required.

The Authority observed that the enforcement of submission of the performance security was not done by the Entity in the above contracts.

Implication

- This may compromise transparency and fairness of the procurement process.
- It increases the risk of disputes between the Entity and contractors.
- This may weaken safeguards intended to protect Government interests in the event of contractor default.

Management Response

- *The Entity had a dedicated desk on quality assurance for review of draft contracts and an additional legal officer has been tasked to certify contract documents prior to signing.*

- *The Entity regretted omissions in some documents at bidding document and contract drafting stages and was currently enforcing submission of Performance Securing Declaration for all methods of procurement for local providers and performance securities for international providers in line with PPDA Guideline 4 of 2025 on Bid and Guideline 3.1(ii) on Performance and Advance Payment Securities.*

- *The Entity conducted capacity building and stakeholder engagements with the officers responsible for drafting contracts and bid preparation and emphasized the need to harmonize contracting terms during bidding process up to contract drafting.*

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should:

- Implement a contract quality assurance by tasking the Contracts Committee to verification of consistency between bidding documents and contracts before execution.
- Task the Legal team to conduct review and certification of contract documents prior to signing.

2.3.3 Retrospective appointment of Contract Management Team

Regulation 50 (1) of the PPDA (Contracts) Regulations, 2023 *states that the Accounting Officer shall appoint a person from the User Department to be the Contract Manager.*

In the procurement for Air Charter Services of selected Trainers from Central African Republic (Bangui) to Uganda, Batch 2 worth UGX 1,245,656,800, the Authority observed that the service was required on 11th January 2025, however the Contract Management Team was appointed on 21st February 2025 after service had been performed. The appointment was therefore done as a mere compliance formality.

Implication

- Contract performance may not be adequately monitored.
- Deviations from contract requirements may remain undetected.

Management Response

- *The Contract Management Team comprised of the end-user representative, a Language interpreter/Liaison officer based in Central African Republic and the Movement Control Officer (MOVCON) at the Airport, whose routine schedule of work involved among others, management/coordination of Trainees from Central African Republic.*
- *The Charter services were urgently required and performed under supervision of the above team on the basis of contract award and a Letter of Urgent delivery. Formalization of the appointment of the Contract Management Team was done upon contracts signature.*

Recommendation

The Authority noted the management response and maintains the finding given that this was a planned activity for which a Contract Management Team should have been nominated and appointed before contract implementation. The Authority therefore recommends that the Accounting Officer should in future procurements appoint a Contract Manager or Contract Management Team before start of contract implementation and supported by approved contract management plans.

2.3.4 Unrealistic Delivery Period

Some contracts reviewed contained delivery schedules that did not adequately consider procurement lead times, importation requirements and prevailing market conditions. Table 8 lists the procurements worth UGX 4,282,170,563, where this was observed:

Table 8: Contracts with unrealistic Delivery Periods

No.	Subject of Procurement	Observation	*Management Response*
1.	Procurement of spare parts for UPDF Command Staff fleet in 2024/2025 MD/SUPLS/24-25/00052 Restricted Domestic Bidding	This was a one-off delivery and supplies were to be delivered within a period of six weeks to Defence General Depot, Maga Maga Stores.	*The Entity had adopted use of more realistic delivery periods taking into consideration special circumstances that affect lead times. For example period of manufacturing and shipping depending*

No.	Subject of Procurement	Observation	*Management Response*
	Rite Tech Auto Services Ltd UGX 3,210,590,203	As at the time of the audit, the supplier had not delivered spare parts worth UGX 859,494,240.	*on country of origin, specialised specifications and, geopolitical disruptions, among others.* **The Authority's Comment** The Authority noted the Entity's response and planned initiatives and maintains the finding given the unrealistic delivery period observed.
2.	Procurement of tyres for the Special Forces Command (SFC) and Operation Shuja in the Democratic Republic of Congo (DRC) MD/SUPLS/24-25/00034 Restricted Domestic Bidding IBS Motors UGX 1,071,580,360	The contract was dated 17th February 2025. Delivery was supposed to be three weeks after contract signing. Delivery was made on 25th July 2025, which was 17 weeks later than the intended timeline. The Authority observed that stating three weeks as the delivery period was not practical, since supplies were to be imported from China.	*The Entity had adopted use of more realistic delivery periods taking into consideration special circumstances that affect lead times. For example period of manufacturing and shipping depending on country of origin, specialised specifications and, geopolitical disruptions, among others.* **The Authority's Comment** The Authority noted the Entity's response and planned initiatives and maintains the finding given the unrealistic delivery period observed

Implication

Unrealistic delivery periods will lead to disruptions in effecting the Entity's operations since suppliers were unable to comply with contractual timelines leading to undesired request for contract extensions and implementation delays become more likely. The Entity may fail to obtain required goods and services when needed.

Recommendation

The Ministry should undertake market assessments before establishing delivery schedules and involve the User Departments in determining realistic implementation timelines.

2.3.5 Delayed preparation of the Contract management report

Regulation 52 (3) (f) of the PPDA (Contracts) Regulations, 2023 states '*that for the purposes of regulation (1), a Contract Manager for the purposes of regulation (1), shall appraise the performance of the provider and report on the performance of the provider to the Procurement and Disposal Unit'*.

The Authority noted that in the procurement for UPDF Services formation and Unit logos worth UGX 2,124,830,800, there was delay in preparation of the contract management report.

The delivery was made on 7th September 2025 but the contract management report was prepared on 27th January 2026, four months later. The Authority observed that delay in preparation of contract management report was contributed due to the internal process of acknowledging receipt of procured items which in some cases required a number of shareholders within the Entity. The staff who are field based are frequently on the move and deployed in various locations. The delay in acknowledging receipt therefore delays preparation of contract management reports.

Implication

Management decisions may be based on incomplete information and Supplier performance records may not accurately reflect actual contract outcomes.

Management Response

The Ministry acknowledged delays in submission of some contract management reports but this had since been addressed by the creation of a Contract Monitoring Desk at Procurement and Disposal Unit.

The challenge which is sometimes partly due to deployment of the Contract Manager(s) out of station is being addressed with the Leadership.

Recommendation

The Authority noted the Entity's response but finds it unsatisfactory and maintains the finding and recommends that the Accounting Officer should task the Contract Managers to prepare contract management report in accordance with Regulation 52 (4) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall audit Conclusion

The performance of the Ministry of Defence and Veteran Affairs for the Financial Year 2024/2025 was **Satisfactory** with overall weighted average risk rating of **20.1%.**

The procurement and disposal activities of Ministry of Defence and Veteran Affairs (MODVA) 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. The Entity maintained the required procurement and disposal structures, and there was timely approvals by the Contracts Committee of submissions made by the Procurement and Disposal Unit. The Entity complied with applicable disposal requirements.

However, the audit identified some performance weaknesses that require management attention. These included failure to fully implement all previous audit recommendations, low competitiveness demonstrated by low bidder participation, delayed contracting, and setting unrealistic delivery timelines.

While these weaknesses did not materially undermine the overall integrity of the procurement system, they indicate deficiencies in contracting and contract management and monitoring mechanisms that may adversely affect service delivery, value for money and supplier confidence and achievement of the Entity's mandate if not addressed. These areas should form the basis of a formal Procurement Improvement Action Plan for FY 2026/27 with measurable performance indicators and quarterly monitoring by Top Management.

Overall, the performance of Ministry of Defence and Veteran Affairs in the FY2024/2025 was assessed as satisfactory, with an overall weighted average risk rating of 20.1%, but requiring target 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 9 below:

Table 9: Risk Score

Risk Rating	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	0	0	0	0	0.6	0	0
Medium	7	44	9,282,314,693	13	0.3	13.2	3.9
Low	5	31	28,237,182,600	39	0.1	3.1	3.9
Satisfactory	4	25	35,251,957,962	48	0	0	0
Total	**16**	100	72,771,455,255	**100**	**1.0**	**16.3**	**7.8**

Weighted Average by number = $\frac{\sum \text{Weighted Score by number}}{60} \times 100 = \frac{16.3 \times 100}{60} = 27.2\%$

Weighted Average by value = $\sum$Weighted Score by value X 100 = 7.8 x 100 = 13

60 60

The average weighted risk rating = $\frac{27.2\% + 13\%}{2}$ = 20.1%

Since 20.1% falls within the 0 - 30 % risk range, the performance of the Entity is rated satisfactory as detailed in Table 10 below:

Table 10: 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: Performance by Number of Contracts (%)

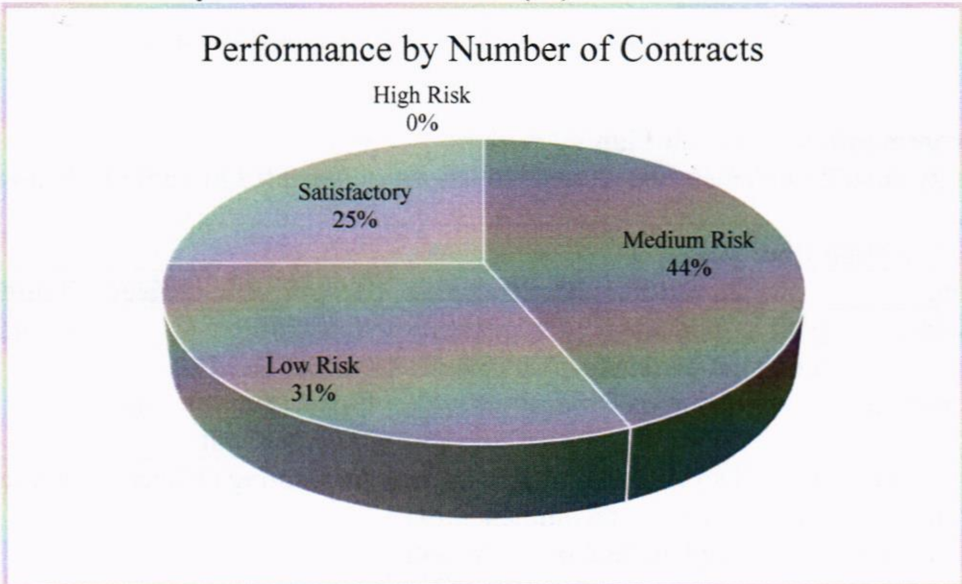
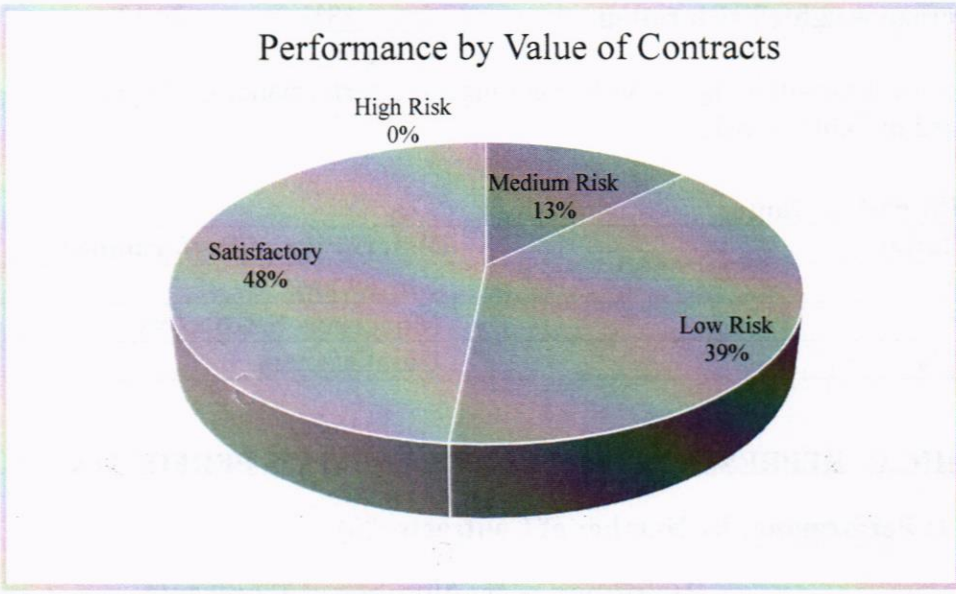


Figure 2: Performance by Value of Contracts (%)



3.3 Recommendation Action Plan

The Entity should implement the recommendations as indicated in Table 11 below:

Table 11: Action Plan

Finding	Action/Recommendation	Responsible Officer	Timeline
Procurement plan not fully implemented	Conduct quarterly procurement plan reviews and update plans	Accounting Officer/Head Procurement and Disposal Unit	Quarterly
Failure to fully implement audit recommendations	Develop and maintain an audit recommendation implementation tracker indicating the responsible officer, actions required, timelines and implementation status for each recommendation.	Accounting Officer	Immediately
Low Bidder Participation	Conduct supplier engagement forum and update supplier database	Accounting Officer/ Head Procurement and Disposal Unit	Within 90 days
Delayed contracting	Establish and enforce internal timelines within which contracts approved by the Solicitor General should be commenced or executed	Accounting Officer	Within 30 days

Finding	Action/Recommendation	Responsible Officer	Timeline
Inconsistencies in the terms in the bidding document and those in the contract	Implement a contract quality assurance mechanism by tasking the Legal team to conduct review and certification of contract documents prior to signing.	Accounting Officer/ Contracts Committee	Within 30 days
Unrealistic delivery timelines	Undertake market assessments before establishing delivery schedules and involve the User Departments in determining realistic implementation timelines.	Head Procurement and Disposal Unit	Within 60 days

Annex 1: Findings and Rating on the individual contracts reviewed

	Details of the Procurement	Exceptions /findings
No.	**Medium Risk Contract**	
1.	Procurement of spare parts for UPDF command staff fleet in 2024/2025	• Low bidder participation • Unrealistic delivery period • Inconsistencies in the terms in the bidding document and those in the contract
2.	Procurement of two military vehicles	Low bidder participation
3.	Procurement of tyres for SFC and operation Shuja	• Delayed contracting • Unrealistic delivery period
4.	Procurement of Non-consultancy services for disposal of obsolete returned stores	• Delayed contracting • Inconsistencies in the terms in the bidding document and those in the contract
5.	Procurement of 2 official vehicles for Chief of Staff and station wagon for MA-SPAD	• Low bidder participation • Delayed contracting Inconsistencies in the terms in the bidding document and those in the contract
6.	Procurement of Assorted accommodation items	Delayed contracting
7.	Procurement of storage facilities for UG-CONT under ATMIS	• Low bidder participation • Delayed contracting
	Low Risk Contracts	
8.	Procurement of Air Charter Services of selected trainers from Central African Republic (Bangui) to Uganda, Batch 2	Retrospective appointment of Contract Management Team
9.	Procurement of Dry Ration under framework for 24 calendar months	Low bidder participation
10.	Procurement of Assorted clothing items under framework contract for 24 calendar months, Lot 3 gumboots	• Low bidder participation • Inconsistencies in the terms in the bidding document and those in the contract
11.	Procurement of land comprised in Biyenje block 1 plot 25, Watemba, Booma in Bullisa District	Payment not fully made
12.	Procurement of UPDF services formation and Unit logos	Low bidder participation
	Satisfactory Contracts (No major exceptions noted)	

	Details of the Procurement	Exceptions /findings
13.	Procurement of motor vehicle/motorcycles for MODVA	
14.	Procurement of medical training equipment for PSD-TC, Singo	
15.	Procurement of Consultancy services for disposal of MODVA/UPDF obsolete assets	
16.	Procurement of land from Ssese Habitat Resort in Mawokota Namwabira	

Annex 2: List of sampled procurements for FY 2024/2025

S/no	Procurement Reference	Subject of Procurement	Procurement Method	Provider	Contract Value (UGX)	Risk Rating
1.	MD/SUPLS/24-25/00052	Procurement of spare parts for UPDF Command staff fleet in 2024/2025.	Restricted Domestic Bidding	RITE TEC Auto Services Ltd	4,069,269,333	Medium
2.	MD/SUPLS/24-25/00078	Procurement of two military vehicles.	Restricted Domestic Bidding	Maybach Motors ltd	748,427,000	Medium
3.	MD/NCONC/24-25/00005	Procurement of Air Charter Services of selected trainers from Central African Republic (Bangui) to Uganda, Batch 2.	Direct Procurement	Uganda Air cargo Corporation	1,245,656,800	Low
4.	MD/SUPLS/24-25/00111	Procurement of UPDF services formation and Unit logos.	Restricted Domestic Bidding	Nisa Investments Ltd	2,124,830,800	Low
5.	MD/SUPLS/23-24/00193	Procurement of motor vehicle/motorcycles for MODVA.	Open Domestic Bidding	Lot 1: Mighty Rides Lot 2: Mighty Rides Lot 3: Drew Mac (U) Ltd	1,226,571,000	Satisfactory
6.	MD/SUPLS/23-24/00166	Procurement of medical training equipment for PSD-TC, Singo.	Restricted Domestic Bidding	Bessel (U) Ltd, Value Link Ltd	605,661,205	Satisfactory
7.	MD/SUPLS/24-25/00034	Procurement of tyres for SFC and operation Shuja.	Restricted Domestic Bidding	IBS Motors	1,071,580,360	Medium
8.	MD/NCONS/24-25/00001	Procurement of Non-consultancy services for disposal of obsolete returned stores.	Direct procurement	Luwero Industries Ltd	242,726,000	Medium

S/no	Procurement Reference	Subject of Procurement	Procurement Method	Provider	Contract Value (UGX)	Risk Rating
9.	MD/SUPLS/24-25/00047	Procurement of 2 official vehicles for Chief of Staff and station wagon for MA-SPAD	Restricted Domestic Bidding	Mighty Rides Ltd	680,000,000	Medium
10.	MD/SUPLS/23-24/00019	Procurement of Consultancy services for disposal of MODVA/UPDF obsolete assets.	Request for Quotation	Armstrong Auctioneers & Court Bailiffs	52,125,757 (plus 3% of lump sum after sale, 3,600,000	Satisfactory
11.	MD/SUPLS/23-24/00004	Procurement of Dry Ration under framework for 24 calendar months.	Restricted Domestic Bidding	Merge (U) Ltd	15,282,695,000	Low
12.	MD/SUPLS/24-25/00036	Procurement of Assorted accommodation items.	Restricted Domestic Bidding	Nisa Investments Ltd, Capital Logistics, Excella Enterprises Ltd	1,579,320,000	Medium
13.	MD/SUPLS/24-25/00023	Procurement of Assorted clothing items under framework contract for 24 calendar months, Lot 3 gumboots.	Restricted Domestic Bidding	Birya United Agencies	3,584,000,000	Low
14.	MD/SUPLS/24-25/00053	Procurement of storage facilities for UG-CONT under ATMIS	Restricted Domestic Bidding	Bexxel Trading Co. Ltd	890,992,000	Medium
15.	MD/SUPLS/24-25/00132	Procurement of land comprised in Biyenje block 1 plot 25, Watemba, Booma in Bullisa District.	Direct Procurement	Mugabi Stephen, Mugisha Wilberforce, Kiiza George	6,000,000,000	Low
16.	MD/SUPLS/24-25/00271	Procurement of land from Ssese Habitat Resort in Mawokota Namwabira.	Direct Procurement	Ssese Habitat Resort	33,364,000,000	Satisfactory

Annex 3:List of User Departments (Units and Formations)

No.	**MODVA HEADQUARTERS**
1.	AIR FORCE
2.	LAND FORCE
3.	SPECIAL FORCES COMMAND
4.	RESERVE FORCE
	STRATEGIC UNITS
5.	CHIEF JOINT STAFF
6.	CHIEF OF STAFF LAND FORCE
7.	CHIEF OF STAFF AIR FORCE
8.	CHIEF OF STAFF SPECIAL FORCES COMMAND
9.	CHIEF OF STAFF RESERVE FORCE
10.	JOINT STAFF HUMAN RESOURCE
11.	JOINT STAFF LOGISTICS
12.	JOINT STAFF POLITICAL COMMISSAR
13.	JOINT STAFF PENSION & GRATUITY
14.	JOINT STAFF HEALTH SERVICES
15.	JOINT STAFF LEGAL SERVICES
16.	JOINT STAFF TRAINING AND DOCTRINE
17.	JOINT STAFF POLICY & STRATEGY
18.	JOINT STAFF HEADQUARTERS BRIGADE GROUP
19.	CHIEF OF DEFENCE INTELLIGENCE & SECURITY
	INFANTRY
20.	1 INFANTRY DIVISION
21.	2 INFANTRY DIVISION
22.	3 INFANTRY DIVISION
23.	4 INFANTRY DIVISION
24.	5 INFANTRY DIVISION
25.	MOUNTAIN DIVISION
	SPECIALISED UNITS
26.	ARMOURED DIVISION
27.	ARTILLERY DIVISION

28.	MOTORISED INFANTRY DIVISION
29.	15 MARINE BRIGADE

Annex 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

RISK	DESCRIPTION	AREA	IMPLICATION
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management 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 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,	

RISK	DESCRIPTION	AREA	IMPLICATION
		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.		