



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

MINISTRY OF DEFENCE AND VETERAN AFFAIRS

JUNE 2025

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Acronyms

AO	Accounting Officer
ATMIS	African Transition Mission in Somalia
CC	Contracts Committee
FY	Financial Year
LPO	Local Purchase Order
MODVA	Ministry of Defence and Veteran Affairs
PS/ST	Permanent Secretary/Secretary to the Treasury
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
ODB	Open Domestic Bidding
RFP	Request for Proposals
RFQ	Request for Quotations
SBD	Standard Bidding Document
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Ministry of Defence and Veteran Affairs. The exercise covered a sample of 25 procurement and disposal transactions carried out during the Financial Year 2023/2024. The overall objective of the audit was to assess the effectiveness and efficiency of procurement and disposal processes and the adherence of the Entity's systems to the PPDA Act, Cap. 205 and PPDA Regulations, 2014 and 2023.

From the findings of the procurement and disposal audit exercise, the performance of the Ministry of Defence and Veteran Affairs for the Financial Year 2023/24 was **satisfactory** with an overall weighted average risk rating of **17 %**. The risk rating is detailed in Chapter 3 of the audit report.

The following were the key positive findings observed during the audit:

1. The procurement structures are well established and effectively fulfilling their roles. Clear segregation of duties exists among the Accounting Officer, Contracts Committee, Evaluation Committees, User Departments and Procurement and Disposal Unit, strengthening accountability throughout the procurement process.
2. The Entity's procurement lead time has improved as observed by the shorter contracting timelines and hence a more efficient system to effect service delivery.

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

1. Failure to fully implement three of the previous audit recommendations contrary to Section 10 (1) (a) of the PPDA Act, Cap. 205, which affects the performance of the procurement and disposal function in the Entity;
2. Differing contract terms in the bidding document and those in the signed contract in the procurement for logistical items for troops on pre-mission training under BG XL at PSO-Training College, Singo worth UGX 1,039,875,000, whereby the bidding document stated a delivery period of three weeks, while the contract stated a delivery period of three working days. Differing contract terms create ambiguity which can negatively affect contract implementation.
3. Delayed contract implementation by an average of five months in seven procurements worth UGX 18,846,706,518 contrary to Section 51 of the PPDA Act, Cap. 205. Delayed contract implementation affects service delivery.
4. The process of finalizing the report on the disposal process has taken nine months since the Contract Management Team was appointed on 26th August 2024. This delay will in turn cause a delay in the Entity updating the asset register.

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

1. The Accounting Officer should ensure that all audit recommendations are implemented in accordance with accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

2. 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.
3. 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.
Where contract extensions are deemed necessary in order to avoid expiry of contracts, Contract Managers should issue any required variations or change orders, in accordance with the terms and conditions of a contract as required under Regulation 52 (3) (b) of the PPDA (Contracts) Regulations, 2023.
4. The Accounting Officer should ensure task the Contract Management Team to expedite the report on disposal in order for the Entity to update the asset register and avoid inaccurate financial reporting,

CHAPTER 1: INTRODUCTION

1.1 The Entity

The Ministry of Defence and Veterans Affairs (MODVA) is the Government ministry responsible for the national defence and security of the Republic of Uganda. Its role is to preserve, defend and protect the people, property, sovereignty and territorial integrity of the Republic of Uganda, contributing to regional stability and supporting international peace initiatives.

The Ministry oversees various branches of the military, including the Army, Navy, and Air force, ensuring they are well-equipped and trained to protect the country from external threats. Simultaneously, it plays a vital role in supporting and honouring veterans, offering them medical care, rehabilitation services, and financial assistance. By combining defence and veteran affairs under one umbrella, the Ministry aims to ensure a comprehensive approach to national security and the well-being of those who have served their Country.

According to Section 28 of the PPDA Act, Cap 205, the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity is the Accounting Officer. The Accounting Officer of Ministry of Defence and Veteran Affairs during the Financial Year under review was Ms. Edith Buturo. Table 1 shows the members of the Contracts Committee during the period under review:

Table 1: List of Contracts Committee Members during the Financial Year 2023/2024

No.	Name	Committee Position	Position in the Entity
1.	Brig. Emmanuel Kwihangana	Chairperson	Deputy Chief Executive Officer, Proheli International Services Ltd (under UPDF)
2.	Mr. Micheal Kadhaya	Member	Principal ICT Officer.
3.	Major Tefro Katsimbura Kyatuka	Member	Assistant Legal Affair-MoDVA
4.	Ms. Aminata Oduka	Secretary	Assistant Secretary

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

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit that covered a representative sample of 25 procurement transactions under the Financial Year 2023/2024. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the PPDA Act Cap. 205 and PPDA Regulations, 2014 and 2023.

1.3 Main Audit Objective

The overall objective of the audit was to assess the effectiveness and efficiency of procurement and disposal processes and the adherence of the Entity's systems and processes to the PPDA Act, Cap.205, PPDA Regulations, 2014 and 2023 and PPDA Guidelines.

The specific objectives of the audit were to establish:

1. The level of compliance by the Entity with the general provisions of the PPDA Act, Cap. 205 and PPDA Regulations 2014 and 2023 with regard to the performance of the procurement structures and conduct of procurement processes;
2. The level of compliance with the PPDA Act, Cap. 205 and Regulations, 2014 and 2023 in the conduct of procurement and disposal activities; and
3. The level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements where applicable.

1.4 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation of the 25 transactions under Financial Year 2023/24 contained in **Appendix 1**. 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: Distribution of transaction's population and sample for Uganda Prisons Service Financial Year 2023/24:

Method of procurement	Pop. Value in UGX	Sample value (UGX)	% By val.	Pop No.	Sample No.	% By Number
Open Domestic Bidding	1,960,672,766	1,039,875,000	53	5	2	40
Request for Quotations/Proposals	7,211,612,289	0	0	73	0	0
Direct Procurement	33,186,687,954	32,411,352,954	97.6	7	3	42.8
Restricted Domestic Bidding	68,912,013,472	46,108,705,116	66.9	157	19	12.1
Disposal	-	-	-	1	1	100
TOTAL	111,270,986,481	77,138,933,070	69.3	243	25	10.3

1.5 Audit Methodology

On 13th January 2025, the Ministry was notified about the audit exercise. An audit launch meeting was held on 24th January 2025 between the audit team and the Entity's officials.

The auditors examined records and documents for each sampled procurement transaction and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes.

During the audit, the auditors held interviews with the staff from the Procurement and Disposal Unit (PDU) and User Departments that were necessary in obtaining crucial qualitative information about the internal control system and processes in place.

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on 10th April 2025 before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on 14th May 2025 with a request to submit a management response by 21st May 2025, which was submitted on 19th May 2025. The exit meeting was held on 28th May 2025 at the PPDA Head Office in Kampala.

CHAPTER TWO: AUDIT FINDINGS

2.1 Compliance with the general provisions of the PPDA Act, Cap. 205 and PPDA Regulations 2014 and 2023 with regard to the performance of the procurement structures and conduct of procurement processes

Procuring and Disposing Entities are expected to adhere to the public procurement and disposal rules set out in the PPDA Act, and the Regulations. However, the following non-compliance issues were identified.

2.1.1. Procurement Plan Implementation

In accordance with Section 60 (1) of the PPDA Act, Cap. 205, the Entity prepared and submitted its procurement plan worth UGX 643,288,737,217. Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for Financial Year 2023/24 was 98% as summarized in Table 3 below:

Table 3: Analysis of Procurement spend for FY 2023/24

Total procurement plan value inclusive of VAT (UGX)	643,288,737,217
Total procurement spend value inclusive of VAT (UGX)	631,361,098,955
Procurement plan implementation rate (%)	98
Variance (UGX)	11,927,638,262

Implication

Failure to fully implement the procurement plan denies service delivery to the intended beneficiaries.

Management Response

Management stated that the variance was as a result of a few procurements that had been initiated towards the end of the Financial Year and therefore had not yet been captured as contracts placed by the time of the audit.

Authority's comment

The Authority noted the Entity's response but maintains the finding as delayed contracting affects procurement plan implementation and thus affecting service delivery.

Recommendations

- The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan in line with Section 60 (7) of the PPDA Act, Cap.205.
- The User Department and the Procurement and Disposal Unit (PDU) should ensure that procurements are initiated early to ensure that there is no delayed contracting to affect implementation of the procurement plan.

2.1.2 Implementation of Previous Audit Recommendations

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 2022/2023 and the report was issued in September 2024. Out of the

seven recommendations made, four were fully implemented while three were partially implemented. Table 4 below indicates the audit recommendations that were not fully implemented:

Table 4: Audit Recommendations for FY 2022/23 that were not fully implemented

No.	Recommended Action	Status of implementation of recommendations	Management Response
1.	The Contracts Committee should ensure that conditions of contract in the signed contract are the same as were provided in the bidding document in accordance with Section 48 of the PPDA Act, Cap. 205.	Partially implemented	<ul style="list-style-type: none"> • <i>Management stated that the Entity was implementing this recommendation.</i> • <i>It was further stated that after award of each Contract by the Contracts Committee (CC), an initial draft contract with a copy of the accepted bid, general and special conditions of contract and minutes of the Contracts Committee form the basis for details that make the final contract.</i> • <i>Subsequently, the draft contracts are checked to ensure consistency with what was approved by CC before submission to Solicitor General and after its clearance for signature.</i> <p><i>However, some exceptions occur inadvertently and the Entity continues to strengthen measures for ensuring minimal inconsistencies.</i></p> <p><u>The Authority's comment</u> <i>The Authority noted the Entity's response, but maintains the finding due to the exception in Chapter 2.2.1 of this report where contract terms in the bidding document differed from those in the signed contract in the procurement for logistical items for troops on pre-mission training under BG XL at PSO- Training</i></p>

No.	Recommended Action	Status of implementation of recommendations	Management Response
			<i>College, Singo. This was contrary to Section 48 of the PPDA Act, Cap. 205.</i>
2.	Contract Managers should make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract as required under Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. The User Department should provide realistic delivery periods to be included in the contracts.	Partially implemented	<p><i>Management stated that in implementing the recommendation, the Entity had put the following measures in place:</i></p> <ul style="list-style-type: none"> <i>Contract managers are briefed at the commencement of each contract to acquaint them of their roles to ensure performance of Contracts.</i> <i>Contract performance monitoring in line with Contract management Plan using Form 49.</i> <i>Conducting Training sessions with support of the PPDA for Contract Managers and User departments about contract management and other themes which include scheduling delivery periods, taking into account realistic lead times.</i> <i>The Entity will continue to strengthen these measures and introduce others necessary to achieve more effective contract management.</i> <p><u>The Authority's Comment</u> <i>The Authority noted the Entity's response and maintains the finding as a result of delays in contract implementation in the contracts listed under Chapter 2.3.1 of this report.</i></p>
3.	The Accounting Officer should ensure payments to providers are made in	Partially implemented	<ul style="list-style-type: none"> <i>The Entity is implementing these recommendations on a continuous basis.</i>

No.	Recommended Action	Status of implementation of recommendations	Management Response
	accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023.		<ul style="list-style-type: none"> • Some delay in payments may be due to observance of internal controls that involve various stakeholders in verifying and processing bills as part of risk management. • Unavailability of funds due to quarterly releases which may not offset all the available bills at that time. • Delayed reimbursements by the UN and sometimes leads to delay in payment of providers. • Inadequate budget. <p><u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the Authority's findings in regards to irregular payment listed in Chapter 2.3.3 and also delays in payment observed in the contracts indicated in Chapter 2.3.4 of this report.</p>

Implication

Failure to fully implement the Authority's recommendations affects the performance of the procurement and disposal function in the Entity.

Recommendation

The Accounting Officer should ensure that all audit recommendations are implemented in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

2.2 Level of Compliance with the PPDA Act, Cap. 205 & Regulations, 2014 and 2023 in the conduct of procurement and disposal activities

The Authority noted the following irregularities:

2.2.1 Differing Contract terms in the bidding document and those in the signed 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. In the procurement for logistical items for troops on pre-mission training under BG XL at PSO- Training College, Singo;; MD/SUPLS/23-24/00025 worth UGX 1,039,875,000, the terms in the bidding

document differed from those in the contract: The Authority observed that the bidding document indicated the delivery period as three weeks, while the contract signed indicated the delivery period as three working days.

Implication

Alteration of contract terms breeds unfairness as information availed to bidders at the time of bidding differs from what is later stated in the contract.

Management Response

Management stated that the discrepancy was a clerical error during contract drafting. The Entity is taking measures to ensure consistency.

The Authority's Comment

The Authority noted the Entity's response but maintains the finding as the clerical error was misleading as it indicated a delivery period that was not realistic and could lead to poor quality of items delivered and delays in delivery.

Recommendation

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.

2.2.2 Disposal process for Financial Year 2022/2023

Section 34 (4) of the Public Finance Management Act, 2015 mandates the Accountant General to appoint a Board of Survey for each Department and Agency of Government to survey stores, books of accounts, cash and bank balances held by the respective Accounting Officers at the end of each financial year.

The Ministry identified for disposal motor vehicles, fuel tanks, water tanks, cesspool emptiers, cargo carrier, tipper trucks, minibus, funeral van and computer accessories. The items in total were 182.

The Ministry used the disposal methods of public bidding and public auction, which were approved by the Contracts Committee on 26th July 2024.

A public bid opening was held on 14th August 2024 and the evaluation concluded on 20th August 2024. The auctioning was managed by Armstrong Auctioneers and Court Bailiffs.

A Contract Management Team was appointed by the Accounting Officer on 26th August 2024.

By the time of the audit in April 2025, the Ministry was yet to get a report from the auctioneers indicating the proceeds from the auction

Management Response

The auctioneer's interim report was submitted on 10th January 2025. The final report is expected by the end of May 2025. To date, 134 items have been sold through public bidding and auctioning yielding UGX 977,099,599 that was deposited on the Consolidated Fund account;

- Public bidding with 10 (ten) items worth UGX 198,250,599
- Auction with 124 (one hundred twenty four) items worth UGX 778,849,000.

The Authority's Comment

The Authority noted the Entity's response but maintains the finding as the process of finalizing the report on the disposal process has taken nine months since the Contract Management Team was appointed on 26th August 2024. This delay will in turn cause a delay in the Entity updating the asset register.

Recommendation

The Accounting Officer should ensure task the Contract Management Team to expedite the report on disposal in order for the Entity to update the asset register and avoid inaccurate financial reporting,

2.3 Level of Efficiency and Effectiveness in Contract Implementation contract implementation, adherence to and implementation of Environmental, Social, Health and Safety safeguards in the procurement process and contract implementation

The Authority noted the following irregularities:

2.3.1 Delayed Contract Implementation

In seven procurements worth UGX 18,846,706,518, contract implementation was delayed as indicated in Table 5 below:

Table 5: Procurements where contract implementation was delayed

No.	Subject of Procurement	Contract Amount (UGX)	Exception Noted	Management Response
1.	Procurement of tents and assorted tarpaulins for use by the UGCONT troops and equipment deployed under Africa Transition Mission in Somalia (ATMIS): MD/SUPLS/23-24/00046	1,315,160,000	Delivery for lot 1 was to be made within 4 weeks from contract signing (22 nd February 2024), however, delivery was made on 24 th October 2024. The delivery was seven months late. Lot 2: The procurement of	<ul style="list-style-type: none">• Lot 1 – Tents: The delivery period of 04 weeks was inadvertently underestimated since the tents were to be imported with processes of manufacturing, freight and customs clearance that required a minimum of 12 (twelve) weeks.• Lot 2 – Tarpaulins: The tarpaulins were delivered to Uganda Contingent

No.	Subject of Procurement	Contract Amount (UGX)	Exception Noted	Management Response
			<p>tarpaulins was signed on 22nd February 2024 with Ariko Capital Purchase (U) Ltd worth UGX 235,163,280. Delivery was to be done within 4 weeks. Delivery was made on 10th March 2025, which was 12 months later the planned delivery period.</p>	<p>Headquarters in Mogadishu, copies of Minutes of Receiving Committee, Invoice and delivery notes, are available for verification.</p> <ul style="list-style-type: none"> • The tarpaulins were first imported to Uganda from China and repackaged for delivery to Mogadishu, where cargo flight schedules are not regular. Formalities in Mogadishu and availability of all members of the Receiving Committee, accounted for part of the delay in submission of delivery notes back to Uganda. • The delivery period of 04 weeks was inadvertently underestimated since the tents were to be imported with processes of manufacturing, freight and customs clearance that required a minimum of 12 (twelve) weeks. <p><u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.</p>
2.	Procurement of medical equipment for newly constructed	1,040,114,608	Lot 5: Hospital support services worth UGX 300,991,200 was awarded to	The delivery period for hospital support equipment of 08 weeks was erroneously under estimated given the fact that supplies were to be

No.	Subject of Procurement	Contract Amount (UGX)	Exception Noted	Management Response
	UPDF lower health facilities: MD/SUPLS/23-24/00112		Milpack Investments Ltd. The contract was dated 12 th April 2024. Milpack Investment Ltd delivered on 10 th October 2024, which was three months late. Delivery was meant to be 8 weeks after contract signing.	imported. Freight and customs clearing processes required at least 12 (twelve) weeks. <u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.
3.	Procurement of critical medical and instruments for GMH: MD/SULPS/22-23/00046	2,454,094,200	The contract required delivery within 45 days from signing the contract (31 st January 2024). National Enterprises (U) Ltd made delivery on 13 th June 2024 instead of mid-March 2024. The delivery was late by three months.	The delivery period of 45 days was erroneously underestimated given the fact that the assortment of medical equipment and instruments (03 lots) were to be imported from different manufacturers/distributors abroad – which would entail importation, freight, and customs clearance. <u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.
4.	Procurement of Officers' camping tents for Special Forces Command MD/SUPLS//23-24/00073	754,500,000	The contract was dated 3 rd April 2024. The delivery note was dated 16 th December 2024, delivery was to be made within 6 weeks of contract signing.	The delivery period of 06 weeks was erroneously under estimated given the camping tents had to be manufactured, imported in addition to freight, customs clearance processes. The delivery period should have been at least 12 weeks.

No.	Subject of Procurement	Contract Amount (UGX)	Exception Noted	Management Response
			The delivery was delayed by seven months.	<u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.
5.	Procurement of logistical items for troops on pre-mission training under BG XL at PSO- TC Singo: MD/SUPLS/23-24/00025	1,618,750,000	The contract was dated 17 th January 2024. It indicated delivery as three working days. The delivery note from The Purpose Ltd was dated 20 th June 2024. The delivery was late by five months.	<ul style="list-style-type: none"> • Management stated that the provision of three working days as delivery period was a clerical, error. • The unrealistic delivery period of was an error at initiation of the procurement on Form 5. End-users are being trained and sensitized to appreciate the lead times and make more realistic estimation of delivery periods. <u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.
6.	Procurement of technical equipment for Uganda contingent: MD/SUPLS//23-24/00011	3,170,087,710	<p>The contract was signed on 5th December 2023 and delivery was to be done within six weeks.</p> <p>Delivery was made from 18th July to 23rd September 2024 and hence later than had been planned.</p>	<p>The delivery period was erroneously underestimated given the fact that supplies were to be imported and required customization (of the manual retractable portable spike road barrier/tyre cutters). Freight and customs clearing processes would have required at least 12 weeks.</p> <u>The Authority's Comment</u> The Authority noted the Entity's response but

No.	Subject of Procurement	Contract Amount (UGX)	Exception Noted	Management Response
			The delivery was late by five months.	maintains the finding given that there was delay in service delivery.
7.	Fuel trucks to support UPDF in-house fuel storage capability operations	8,494,000,000	Delivery was to be made within a period of 120 days after signing the contract on 9 th January 2023. This was not achieved and an extension of contract was granted by the Entity on 3 rd May 2024 up to 8 th August 2024 and another extension up to 22 nd September 2024. Delivery was late by fifteen months.	<p>The Entity was implementing measures to address this; End-users sensitization to appreciate the lead times. Briefing and training regularly the Contract Managers would result in better delivery period estimates. This will also enable Contract Managers to closely monitor performance of Contracts and take necessary measures suitable to circumstances of each case.</p> <p><u>The Authority's Comment</u> The Authority noted the Entity's response but maintains the finding given that there was delay in service delivery.</p>
	TOTAL	18,846,706,518		

Implications

- Delayed contract implementation affects service delivery.
- When project timelines are not properly planned or are unrealistic, it can lead to delays, budget overruns, and ultimately, project failure.

Recommendations

- 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.
- Where contract extensions are deemed necessary in order to avoid expiry of contracts, Contract Managers should issue any required variations or change orders, in accordance with the terms and conditions of a contract as required under Regulation 52 (3) (b) 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 2023/24 was **satisfactory** with overall weighted average risk rating of 17 %.

Table 7: Risk Rating Criteria

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

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 8: Weighted score of Ministry of Defence and Veteran Affairs

Risk category	No.	No. %	Value (UGX)	Value%	Weights	Total weighted Average	
						By No	By Value
High	0	0	0	0	0.6	0	0
Medium	6	24	10,352,706,518	13	0.3	7.2	3.9
Low	7	28	50,077,527,175	65	0.1	2.8	6.5
Satisfactory	12	48	16,708,246,002	22	0	0	0
Total	25	100	77,138,479,695	100	1	10	10.4

$$\text{Performance by Number} = \frac{10 \times 100}{60} = 16.7\%$$

$$\text{Performance by Value} = \frac{10.4 \times 100}{60} = 17.3 \%$$

$$\text{The average weighted risk rating} = \frac{16.7 + 17.3}{2} = 17\%$$

Figure 1: Risk rating by Value

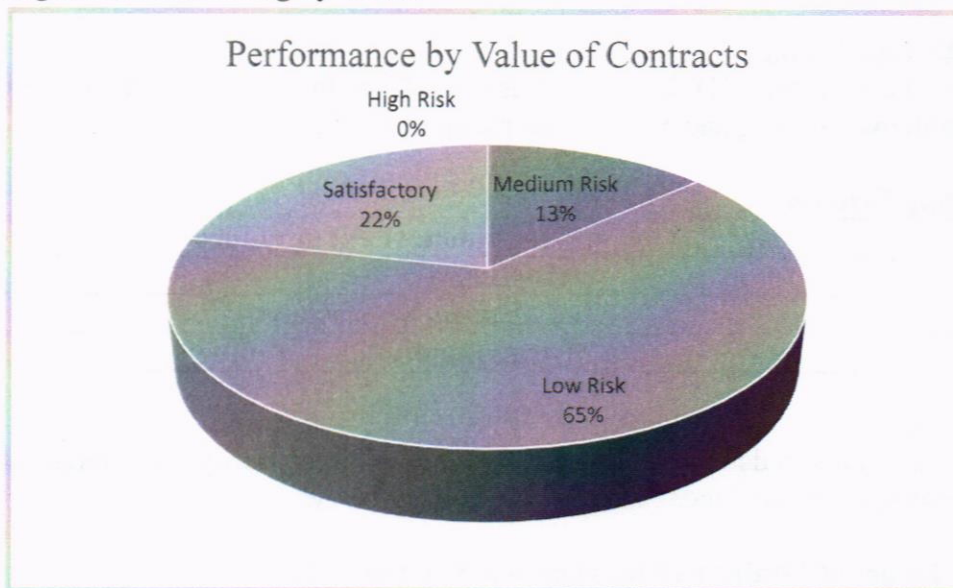
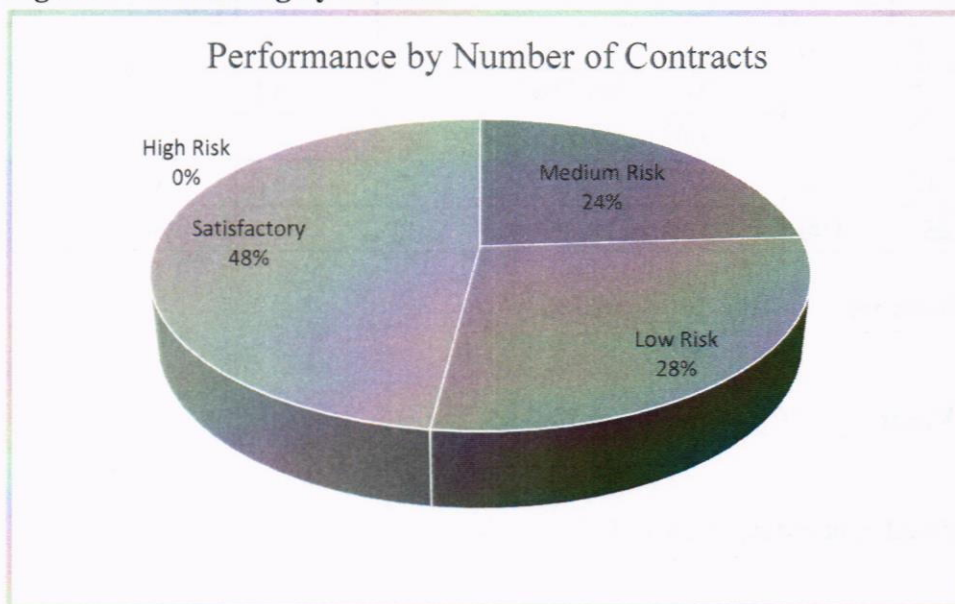


Figure 2: Risk rating by Number



3.2 Recommended Action Plan

The Ministry of Defence and Veteran Affairs should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 9: Action Plan

No.	Recommended Action	Target Date
1.	The Accounting Officer should ensure that all audit recommendations are implemented in accordance with accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.	Continuous
2.	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.	Continuous
3.	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. Where contract extensions are deemed necessary in order to avoid expiry of contracts, Contract Managers should issue any required variations or change orders, in accordance with the terms and conditions of a contract as required under Regulation 52 (3) (b) of the PPDA (Contracts) Regulations, 2023.	Continuous
4.	The Accounting Officer should ensure task the Contract Management Team to expedite the report on disposal in order for the Entity to update the asset register and avoid inaccurate financial reporting.	Continuous

Ministry of Defence and Veteran Affairs should implement the recommended action plan on page 18.

Appendix 1: Transaction List for Financial Year 2023 /24

No	Proc. Ref. Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Ranking
1.	MD/WRKS/23-24/00003	Procurement of electrical, mechanical and plumbing works for the Mbuya Military Hospital	Direct Procurement	CATIC	29,676,222,954	Low Risk
2.	MD/SUPLS/22-23/00190	Procurement of saucepans for various Units	Restricted Domestic Bidding	Benis Ltd	1,790,641,000	Satisfactory
3.	MD/SUPLS/23-24/00165	Procurement of ready to eat meals for mountain training and special operations under Framework	Restricted Domestic Bidding	Interhemisphere Logistics Ltd	3,548,300,000	Satisfactory
4.	MD/SUPLS/23-24/00172	Procurement of self-sustainment items UGCONT troops under ATMIS (Quarter 3)	Restricted Domestic Bidding	Bessel Co. Ltd	1,578,783,803	Low Risk
5.	MD/SUPLS/23-24/00046	Procurement of tents and assorted tarpaulins for use by troops and equipment deployed under ATMIS	Restricted Domestic Bidding	Vision Commodities & Services Ltd	1,315,160,000	Medium Risk
6.	MD/SUPLS/23-24/00011	Procurement of Technical Equipment for Uganda Contingent	Restricted Domestic Bidding	Inter Hemisphere Logistics	3,170,087,710	Medium Risk
7.	MD/SULPS/22-23/00046	Procurement of critical equipment and instruments doe GMH	Restricted Domestic Bidding	Nairobi Enterprises (U) Ltd	2,454,094,200	Medium Risk
8.	MD/SUPLS/23-24/00025	Procurement of logistical items for troops on pre-mission under Battlegroup XL at PSO TC Singo	Restricted Domestic Bidding	The Purpose Ltd, Batab General	1,618,750,000	Medium Risk
9.	MD/SUPLS/23-24/00033	Procurement of multi-cam knee and elbow guards for SFC	Restricted Domestic Bidding	Maholo Investments Ltd	1,550,000,000	Satisfactory

No	Proc. Ref. Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Ranking
10.	MD/SUPLS/23-24/00177	Procurement of accommodation tents for SFC	Restricted Domestic Bidding	Kekita Enterprise Ltd	1,163,760,000	Satisfactory
11.	MD/CONS/23-24/00188	Procurement of services for refurbishment of body armour and helmets at PSO TC-Singo	Restricted Domestic Bidding	Bessel Trading Co. Ltd	1,897,165,000	Satisfactory
12.	MD/SUPLS/23-24/00133	Procurement of logistical items for use by the troops on pre-mission training with BG XLI	Restricted Domestic Bidding	Riverwood Logistics Ltd Lot 1	2,014,250,000	Low Risk
13.	MD/SUPLS/23-24/00034	Procurement of fuel trucks to support UPDF in-house storage capability operations	Restricted Domestic Bidding	Tata (U) Ltd	8,494,000,000	Low Risk
14.	MD/SUPLS/23-24/00097	Procurement of assorted batteries for ATMIS-COE	Restricted Domestic Bidding	Hanson Eastern Invesment Co. Ltd	1,462,286,446	Low Risk
15.	MD/SUPLS/23-24/00112	Procurement of medical equipment for newly constructed UPDF lower health facilities	Restricted Domestic Bidding	Brenopharm	1,040,114,608	Medium Risk
16.	MD/SUPLS/23-24/00087	Procurement of tyres for UPDF fleet for FY 23-24	Restricted Domestic Bidding	Rukwanzi Investments Ltd	743,706,000	Satisfactory
17.	MD/SUPLS/23-24/00109	Procurement of medical items for operation Shujja	Restricted Domestic Bidding	Mmacks Investments Ltd	1,286,702,800	Low Riisk
18.	MD/NCONS/23-24/00010	Procurement of transportation services of GOU's level 2 hospital for deployment under ATMIS in Mogadishu, Somalia	Restricted Domestic Bidding	Hanson Eastern Investment Co. (U) Ltd	1,471,800,000	Satisfactory
19.	MD/SUPLS/23-24/00027	Procurement of orthopedic workshop component materials for CMRC	Restricted Domestic Bidding	Victory Links (U) Ltd	992,869,002	Low Risk

No	Proc. Ref. Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Ranking
20.	MD/SUPLS/23-24/00057	Procurement of classroom furniture (tables and chairs) for troops on pre-mission training at PSO-TC Singo	Open Domestic Bidding	Anvii Holdings Ltd	1,039,875,000	Satisfactory
21.	MD/SUPLS/23-24/00084	Procurement of multi-CAM clothing items for SFC	Direct Procurement	Mirage Mavrick Ltd	2,510,130,000	Satisfactory
22.	MD/SUPLS/23-24/00073	Procurement of Officers camping tents for SFC	Restricted Domestic Bidding	Genon Logistics Ltd	754,500,000	Medium Risk
23.	MD/SUPLS/23-24/00059	Procurement of tyres for infantry fighting vehicles and low loaders in operation of Karamoja and DRC	Restricted Domestic Bidding	IBS Motors Ltd	5,565,281,172	Low Risk
24.	MD/DISP/23-24/00001	Disposal Process for Financial Year 23-24	Public Bidding	Various bidders	Value not established at the time of the audit	Satisfactory
25.	MD/SUPLS/22-23/00028	Procurement of food	Open Domestic Bidding (Framework)	Various bidders	The Entity had just signed the framework agreements with several providers	Low Risk

Appendix 2: Findings and Rating on the Individual Contracts Reviewed

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	Procurement of logistical items for troops on pre-mission under Battlegroup XL at PSO TC Singo	Contract terms in the bidding document differed from those in the signed
2.	Procurement of tents and assorted tarpaulins for use by the UGCONT troops and equipment deployed under Africa Transition Mission in Somalia (ATMIS):	Delayed contact implementation thus affecting service delivery
3.	Procurement of medical equipment for newly constructed UPDF lower health facilities	Delayed contact implementation thus affecting service delivery
4.	Procurement of critical medical and instruments for GMH:	Delayed contact implementation thus affecting service delivery
5.	Procurement of Officers' camping tents for Special Forces Command	Delayed contact implementation thus affecting service delivery
6.	Procurement of technical equipment for Uganda contingent	Delayed contact implementation thus affecting service delivery
	LOW RISK CONTRACTS	REASONS FOR LOW RISK
7.	Procurement of electrical, mechanical and plumbing works for the Mbuya Military Hospital	Some delays in undertaking the electrical, mechanical and plumbing works, but the project was completed and handed over to the Ministry
8.	Procurement of fuel trucks to support UPDF in-house fuel storage capability operations	Unrealistic delivery period, although the trucks were delivered
9.	Procurement of assorted batteries for ATMIS-COE	Delayed payment
10.	Procurement of self-sustainment items for the Uganda Contingent. Troops under ATMIS	Delayed payment
11.	Procurement of medical items for operation Shujja	Delayed payment
12.	Procurement of tyres for infantry fighting vehicles (IFV) and low loaders in operation Karamoja and Democratic Republic of Congo	Delayed payment
13.	Procurement of logistical items for use by the troops on pre-mission training with BG XLI	Delayed payment
14.	Disposal Process for Financial Year 23-24	Delay in finalizing report on disposal process

SATISFACTORY CASES

No.	Subject of Procurement	Reasons for satisfactory
15.	Procurement of saucepans	No exceptions noted
16.	Procurement of ready to eat meals for mountain training and special operations under Framework	
17.	Procurement of multi-cam knee and elbow guards for SFC	
18.	Procurement of accommodation tents for SFC	
19.	Procurement of services for refurbishment of body armour and helmets at PSO TC-Singo	
20.	Procurement of tyres for UPDF fleet for FY 23-24	
21.	Procurement of transportation services of GOU's level 2 hospital for deployment under ATMIS in Mogadishu, Somalia	
22.	Procurement of classroom furniture (tables and chairs) for troops on pre-mission training at PSO-TC Singo	
23.	Procurement of multi-CAM clothing items for SFC	
24.	Orthopedic workshop component for Chieftaincy of Mubende Rehabilitation Centre	
25.	Framework contract for food stuffs, non-food stuffs and wood fuel for UPDF	

Appendix 3: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids,	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.

RISK	DESCRIPTION	AREA	IMPLICATION
		evaluation report and contract.	
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk 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 lack of efficiency, standardisation and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social	

RISK	DESCRIPTION	AREA	IMPLICATION
		inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	Planning: Lack of procurement reference numbers. Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to track the procurements which leads to poor record keeping. This leads to failure to declare conflict of interest and lack of transparency.

SATISFACTORY

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.