



**COMPLIANCE INSPECTION AUDIT REPORT FOR FINANCIAL YEAR
2023/2024**

NAKASEKE DISTRICT LOCAL GOVERNMENT

MAY 2025

Table of Content

EXECUTIVE SUMMARY	iv
CHAPTER ONE: INTRODUCTION.....	1
1.1. Background.....	1
1.2. Main Audit Objectives.....	1
1.3. Scope of the Compliance Audit.....	1
1.4. Methodology.....	1
1.5. Procurement Structure of the Entity	2
CHAPTER TWO: FINDINGS AND RECOMMENDATIONS	3
2.1. COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, CAP 205 AND REGULATIONS, 2023 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURE AND CONDUCT OF PROCUREMENT PROCESS. ...	3
2.2. COMPLIANCE OF THE ENTITY DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, CAP 205 AND PPDA REGULATIONS 2023.....	12
2.3. EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS.....	13
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY	22
3.1. Overall Audit Conclusion	22
3.2. Recommended Action Plan	24
Annex A: Summary Case by Case.....	27
Annex B: Sample List for Nakaseke District Local Government for Financial Year 2023/2024	30
Annex C: Risk Rating Criteria.....	32

List of Tables

Table 1: Contracts Committee Members	2
Table 2: Staff in the Procurement and Disposal Unit	2
Table 3: Procurement plan implementation rate.....	3
Table 4: Submission of Quarterly Reports	4
Table 5: Implementation of Previous Audit Recommendations.....	5
Table 6: Delays in the procurement process	7
Table 7: Procurements with irregularities at the evaluation stage	9
Table 8: Procurements with changed Evaluation Committee Members.....	11
Table 11: Contracts with different contract terms from those in the Bidding Document	13
Table 12: Procurements signed after expiry of Bid Validity period.....	15
Table 13: Procurements signed before clearance by Solicitor General	17
Table 14: Missing procurement records	17
Table 16: Risk Rating Table	22
Table 17: Weighted Score of Nakaseke District Local Government.....	22
Table 18: Action Plan	24

ACRONYMS

BEB	Best Evaluated Bidder
BoS	Board of Survey
BoQ's	Bills of Quantities
BPLM	Bachelors in Procurement and Logistic Management
CC	Contracts Committee
CDO	Community Development Officer
COU	Church of Uganda
CV	Curriculum Vitae
DLG	District Local Government
ESHS	Environmental, Social, Health and Safety
FY	Financial Year
HC	Health Centre
GCC	General Condition of Contract
IFMS	Integrated Financial Management System
ITB	Instruction to the Bidder
LTD	Limited
LPO	Local Purchase Order
NDB	National Domestic Bidding
NoBEB	Notice of the Best Evaluated Bidder
SB	Selective Bidding
TC	Town Council
ODB	Open Domestic Bidding
PDU	Procurement and Disposal Unit
PGD	Post Graduate Diploma
PPDA	Public Procurement and Disposal of Public Assets Authority
P/S	Primary School
PSST	Permanent Secretary- Secretary to the Treasury
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
UGX	Uganda Shillings
URA	Uganda Revenue Authority
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the compliance inspection of the Procurement and Disposal Activities of Nakaseke District Local Government that covered a sample of 12 procurement transactions under Financial Year 2023/2024.

The overall objective of the compliance audit was to assess and establish the degree of compliance of Nakaseke District Local Government procurement system and processes with the provisions of the PPDA Act, Cap 205 and PPDA Regulations, 2023 and assess the level of procurement performance over the period.

From the findings of the compliance audit exercise, the performance of Nakaseke District Local Government for the Financial Year 2023/2024 was **moderately satisfactory** with an overall weighted average risk rating of **44.8%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this audit report.

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

1. Failure by the Entity to submit the procurement and disposal plan for financial year 2023/2024 to the Authority contrary to Section 60 (1) of the PPDA Act, Cap 205 which affected the monitoring of the Entity's procurement and disposal activities;
2. The Entity submitted incomplete procurement reports to the Authority contrary to Regulation 20 (1) of the PPDA Regulations, 2023 which limited transparency and accountability;
3. Failure by the Entity to implement 75% of the previous audit recommendations contrary to Section 10 of the PPDA Act, Cap 205 denying the Entity an opportunity to continuous improvement;
4. Failure by the Head Procurement and Disposal Unit to involve Contracts Committee or User Department in bid closing and opening in all the sampled procurements contrary to Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023 which hindered transparency in the procurement process;
5. In four procurements worth UGX 1,833,615,732, there were delays of 40 working days on average in the procurement processes, including delay to conduct evaluation and submission of contracts to the Solicitor General for clearance contrary to Section 51 of the PPDA Act, Cap 205 which denied timely service delivery to the intended beneficiaries;
6. Irregularities at the evaluation stage in four procurements worth UGX 1,647,402,802 including the Evaluation Committees wrongfully disqualifying bidders, failure to evaluate all bids, and not following all the three stages of the evaluation process among others contravening to Regulations 5 (1) of the PPDA (Evaluation) Regulations, 2023 exposing the Entity to award contracts to non-compliant bidders;
7. In four procurements worth UGX 2,584,321,815, two officers participated in the evaluation exercise without approval by the Contracts Committee contrary to Section 30 (b) of the PPDA Act Cap 205 which exposed the Entity to the risk of awarding contracts to non-compliant bidders;
8. Failure by the Accounting Officer to conduct disposal of obsolete items contrary to Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023 which

exposed the assets to the risk of further loss of value due to deterioration, vandalism and theft;

9. In the procurement of construction of 2 blocks of 2 classrooms at Wakyato Seed School at Wakyato S/C worth UGX 239,997,996 the Entity paid VAT worth UGX 36,609,864 to Pedoline Services Ltd which is not VAT registered as confirmed by their Tax registration on the URA website which led to a financial loss of UGX 36,609,864;
10. The Entity signed seven contracts worth UGX 2,670,257,954 against expired bids contrary to Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023 which rendered the contracts null and void;
11. In two procurements worth UGX 1,026,498,221, the Accounting Officer signed contracts before clearance by Solicitor General contrary to Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023 rendering the contracts null and void;
12. The Head Procurement and Disposal Unit did not archive procurement records in nine procurements worth Ugx 2,266,387,625 contrary to regulation 52 (3) (vii) of the PPDA (Contract) Regulations, 2023, which hindered the audit process;
13. In the procurement for construction of a one block of 2 classroom, a multi-purpose hall, Admin block, 2 Blocks of 5 stance VIP Latrine at Katooke Muslim Secondary School worth UGX 585,756,863, the contractor did not restore the site to its original state which exposed the learners to the risk of accidents; and
14. The Procurement and Disposal Unit did not obtain contract management reports and records for nine procurements worth UGX 2,266,387,625 as indicated in Table 14 of the report, thus rendering procurement action files incomplete and affecting the procurement audit trail, contrary to Regulation 52 (3) (vii) of the PPDA (Contract) Regulations, 2023.

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

1. The Accounting Officer should;
 - i. Recover money worth UGX 36,609,865 paid as VAT to non-VAT provider Pedoline Services Ltd who was not registered for VAT;
 - ii. Task Procurement and Disposal Unit and Finance Departments, to carry out thorough due diligence on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously;
 - iii. Desist from signing contracts based on expired bids in accordance with Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023;
 - iv. Desist from signing contracts before clearance by the Solicitor General thus exposing the Entity to legal risks contrary to Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023;
 - v. Task the Head of Internal Audit to show cause why disciplinary action should not be taken against him for failure to follow up on the implementation of 75% of PPDA recommendations contravening Section 10 of the PPDA Act, Cap 205 thus denying the Entity an opportunity to continuous improvement;
 - vi. Task the members of the Evaluation Committee for procurements in Table 6 of the main report to show cause why disciplinary action should not be taken against them for causing delays at the evaluation stage of 40 days in average in line with Section 51 of the PPDA Act, Cap 205 and table 7 for not evaluating bidders with lower bid prices that led to a financial loss of UGX 149,050,411; and

- vii. Task the Contract Managers for procurements in Table 14 of the main report to show cause why disciplinary action should not be taken against them for not preparing contract management plans using Form 49 in Schedule 2 and failure to forward a copy of the contract management plan to the Procurement and Disposal Unit in line with Regulation 50 (4) of the PPDA (Contract) Regulations, 2023.
2. The Head Procurement and Disposal Unit should:
- i. Show cause why disciplinary action should not be taken against him for;
 - a. Submitting incomplete monthly/quarterly procurement reports to the Authority contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and
 - b. Delaying the procurement process for 40 working days on average at the evaluation stage, submission of draft contracts for approval by Solicitor General among others and for inviting individuals not approved by Contracts Committee as members of the Evaluation Committee.
 - ii. Ensure that the Entity's procurement and disposal plan is submitted to the Authority in accordance with Section 60 (1) of the PPDA Act, Cap 205;
 - iii. Monitor bid validity periods and where an extension is required, a bidder shall be requested in writing before the expiry of validity of their bid for a specified period in accordance with Regulation 62 (5) of the PPDA Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iv. Ensure that the User Departments that are responsible for the management of public assets, initiate the process of disposal of the public assets by making a request for disposal to the Accounting Officer in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023;
 - v. Ensure that the Evaluation Committee Members strictly adheres to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation reports as provided under Regulations 5 of the Public Procurement and Disposal Assets (Evaluation) Regulations, 2023;
 - vi. Ensure that a member of the Contracts Committee or a person nominated by the User Department always witnesses the bid opening process in a bid to promote transparency and accountability in line with Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023;
 - vii. Ensure that the procurement process is implemented in a manner that promotes economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205;
 - viii. Archive all documents pertaining to a particular procurement on their respective files in accordance with Section 33 (o) of the PPDA Act, Cap 205; and
 - ix. Continue liaising with departments that have ownership of the items due for disposal to ensure that they are disposed of.
3. User Departments should ensure that the provider(s) meets all the performance or delivery obligations in accordance with the terms and conditions of the contract and in accordance with Regulation 52 (3) (1) of the PPDA (Contracts) Regulations, 2023; and

4. The Contracts Committee should desist from approving evaluation reports where unapproved officers participated in evaluation of bids in accordance with Section 51 of the PPDA Act, Cap 205.

Nakaseke District Local Government should implement the recommended action plan on pages **24-26** of this report.

CHAPTER ONE: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out compliance inspection on the procurement and disposal activities of Nakaseke District Local Government that covered a sample of 12 procurement transactions under Financial Year 2023/2024. The compliance inspection involved a review of procurement structures, asset procurement and disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap 205 and PPDA Regulations, 2023.

1.2. Main Audit Objectives

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Nakaseke District Local Government procurement system and processes with the provisions of the PPDA Act, Cap 205 and the PPDA Regulations, 2023 and assess the level of procurement performance over the audit period.

The Specific Objectives were to:

- i. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap 205 and Regulations, 2023 with regard to the performance of the procurement structure and conduct of procurement process;
- ii. Assess the degree of compliance of the Entity's Disposal process with the provisions of the PPDA Act, Cap 205 and the PPDA Regulations, 2023; and
- iii. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

1.3. Scope of the Compliance Audit

The Audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 12 procurement transactions worth UGX 5,896,061,738 conducted during the FY 2023/2024, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in Annex B.

1.4. Methodology

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 and Disposal Planning, Initiation, Bidding, Evaluation, Contract Placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose. 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 systems and processes in place.

Two officers conducted the exercise under the supervision of the Regional Manager and Director Performance Monitoring – Regional Offices. During the exercise, the team examined records and documents for each of the 12 sampled procurement transactions. The team reviewed the procurement plan for the Financial Year 2023/2024.

A debrief meeting to discuss preliminary findings was held with the Entity management and staff on 6th December 2024 before the compliance audit team could embark on preparation of the

Management Letter. The Management Letter was sent to the Entity on 24th January 2025 with a request to submit a Management Responses by 6th February 2025, which was submitted to the Authority on 17th March 2025 by email.

1.5. Procurement Structure of the Entity

The key players in the procurement structure at the Entity are the Chief Administrative Officer as the Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU), ad-hoc Evaluation Committees and User Departments.

i. Accounting Officer

Section 28 of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. During the Financial Year 2023/2024, The Chief Administrative Officer; Ms. Sarah Nakalungi was designated as the Accounting Officer of the Entity for financial year 2023/2024.

ii. Contracts Committee

The Permanent Secretary/Secretary to the Treasury of Ministry of Finance, Planning & Economic Development approved five members of the Contracts Committee who also acted during the period under review as indicated in Table 1 below:

Table 1: Contracts Committee Members

S/N	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. George Abel Nkugwa	District Natural Resources Officer	Chairperson	28 th February, 2023
2.	Mr. Titus Lwara	Senior Agricultural Officer	Member	28 th February 2023
3.	Mr. Alone Wekikye	Physical Planner	Member	18 th February 2022
4.	Mr. Lamech Sssebbunza	Senior Environmental Health Officer	Member	28 th February 2023
5.	Ms. Sophie Janet Kaikara	Senior Assistant Secretary	Member	18 th February 2022

iii. Staffing of the Procurement and Disposal Unit

The Procurement and Disposal Unit was manned by the following staff during the period as indicated in Table 2 below:

Table 2: Staff in the Procurement and Disposal Unit

S/N	Name	Position	Qualification
1.	Mr. Phillip Mayombwe	Senior Procurement Officer	PGD-PSCM & Degree in PSCM
2.	Mss Jackie Nakidde	Procurement Officer	Degree in BPLM

This report presents the key findings and conclusions arising from the compliance inspection exercise.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

2.1. COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, CAP 205 AND REGULATIONS, 2023 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURE AND CONDUCT OF PROCUREMENT PROCESS.

2.1.1 Procurement Plan Implementation Rate of 107%

Section 60 (7) of the PPDA Act, Cap 205 provides that a Procuring and Disposing Entity shall on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan.

The Authority noted that the Entity's total procurement budget for the Financial Year 2023/2024 was UGX 8,881,720,395 as reflected in the Entity's consolidated procurement plan. The procurement reports submitted to the Authority indicated a total procurement spend of UGX 4,403,864,144. A review of the Integrated Financial Management Register (IFMS) purchase activity registers further noted that the Entity procured items totaling to UGX 9,467,864, 144. Thus, the Entity implemented procurements worth UGX 585,448,509 over and above the planned procurement plan as indicated in Table 3 below:

Table 3: Procurement plan implementation rate

Total procurement plan value (UGX)	8,881,720,395
Actual procurement spend reported to the Authority (UGX)	4,403,864,144
Purchase activity registered amount	9,467,168,904
Variance (UGX)	585,448,509
Percentage implementation rate (%)	107
Variance (%)	7

Source: Procurement plan, purchase activity register and quarterly reports submitted to the Authority.

Implication

The excess expenditure of UGX 585,448,509 from the planned procurement budget puts the Entity at risk of accumulating domestic arrears.

Management Response

Management acknowledged the Authority's observation however the Entity received more funding from the transactional grant worth UGX 600,000,000 (Six hundred million shillings).

Recommendation

The Authority takes note of the Management responses and recommends that the Accounting Officer should task the PDU to always ensure that the procurement plan is reviewed and updated on a quarterly basis to reflect any changes that may arise as required under Section 60 (7) of the PPDA Act, Cap 205.

2.1.2 Failure to submit the procurement and disposal plan to the Authority

Section 60 (1) of the PPDA Act, Cap 205 provided that in accordance with the budget preparation procedures issued by the Minister, a Procurement and Disposing Entity shall, in each financial year, by a date determined by the Secretary to the Treasury, prepare and submit to the Secretary to the Treasury and to the Authority, its annual procurement plan for the following financial year.

Although the Entity conducted procurements worth UGX 9,467,168,904, the Entity did not submit the consolidated procurement plan for financial year 2023/2024 to the Authority contrary to Section 60 (1) of the PPDA Act, Cap 205.

Implication

Failure to submit the procurement plan affects the monitoring of the Entity’s procurement and disposal activities.

Management Response

Management asserted that the procurement and disposal plan and an addendum were submitted to the Authority.

Authority’s comment; No evidence was presented to confirm submission of the Entity’s procurement plan for Financial Year 2023/24.

Recommendation

The Head Procurement and Disposal Unit should ensure that the Entity’s procurement and Disposal Plan is submitted to the Authority in accordance with Section 60 (1) of the PPDA Act, Cap 205.

2.1.3 Inadequate reporting to the Authority

Regulation 20 (1) of the PPDA Regulations, 2023 provides that a Procuring and Disposing Entity shall for each month, submit to the Authority, by the fifteenth day of the following month, a report on the procurement activities under taken by the Procuring and Disposing Entity in the month.

A review of the quarterly reports submitted by the Entity to the Authority, the Authority noted failure to submit and delays in submission of quarterly reports as indicated in Table 4 below:

Table 4: Submission of Quarterly Reports

S/N	Quarter	Date received by the Authority	No. of days delayed
1.	First quarter	20 th October 2023	5 days
2.	Second quarter	9 th February 2024	25 days
3.	Third quarter	Not submitted	
4.	Fourth quarter	Not submitted	

The quarterly reports submitted to the Authority indicated a total procurement spend of UGX 4,403,864,144. A review of the Integrated Financial Management Register (IFMS) purchase activity registers further noted that the Entity procured items totaling to UGX 9,467,864, 144 thus procurements worth UGX 5,064,003,000 where not reported to the Authority.

Implication

This limits transparency and accountability for procurements undertaken in the financial year.

Management Response

No response was provided by the Entity

Recommendation

The Head Procurement and Disposal Unit should show cause why disciplinary action should not be taken against him for submitting incomplete monthly/quarterly procurement reports to the Authority contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.4 Failure to fully implement 75% of the previous audit recommendations

The Entity was issued a previous audit report for the Financial Year 2022/2023 on 17th June 2024. Out of 9 recommendations made, five recommendation (55.5%) were fully implemented while 4 recommendations (44.4%) were partially implemented as indicated in Table 5 below:

Table 5: Implementation of Previous Audit Recommendations

No.	Recommended Action	Status	Comment	
1.	The Accounting Officer should ensure that contract documents are in accordance with the form of contract specified in the bidding document as enshrined in Regulation 9 (2) of the Public Procurement and Disposal of Public Assets (Contracts) Regulations, 2023;	Partially implemented	Re-occurring	No response was provided
2.	The Accounting Officer Should Continue liaising with Entities that have ownership items due for disposal to ensure that they are disposed of in a timely manner; and	Partially implemented	Re-occurring	This was implemented and some of the vehicles were disposed of
3.	The Accounting Officer should recover or refund UGX 22,671,665 paid VAT to a non-registered company.	Not implemented	No evidence was provided	No response was provided
4.	The Contracts Committee Should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Partially implemented	Re-occurring	No response was provided
5.	Procurement and Disposal Unit should Ensure that a member of the Contracts Committee or a person nominated by the user department always witnesses the bid opening process in a bid to	Not implemented	Re-occurring	No response was provided

No.	Recommended Action	Status	Comment	
	promote transparency and accountability in line with Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023.			
6.	Procurement and Disposal Unit should Ensure that the Evaluation Committee Members strictly adhere to the set criteria in the bidding documents as provided under Regulations 5 of the Public Procurement and Disposal Assets (Evaluation) Regulations, 2023.	Partially implemented	Re-occurring	No response was provided
7.	The User Departments Should Prepare contract management plans using Form 49 in Schedule 2 and forward a copy of the contract management plan to the Procurement and Disposal Unit in line with Regulation 50 (4) of the PPDA (Contract) Regulations, 2023.	Not implemented	No implementation plans were on file	No response was provided
8.	The User Department should ensure that providers meet all the performance or delivery obligations in accordance with the terms and conditions of the contract in line with Regulation 52 (3) (a) (1) of the PPDA (Contracts) Regulations, 2023.	Partially Implemented	Re-occurring	No response was provided
9.	District Internal Auditor should investigate the extra USD 2,000 on the award of contract for supply of one motor vehicle and report to the Authority within four months.	Not implemented	No report was provided	No response was provided

Implication

Failure to implement previous audit recommendations denies the Entity an opportunity to continuously improve in their procurement processes.

Recommendations

The Accounting Officer should:

- i. Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations.
- ii. Task the Head of Internal Audit to show cause why disciplinary action should not be taken against him for failure to follow up on the implementation of 75% of PPDA

recommendations contravening Section 10 of the PPDA Act, Cap 205 thus denying the Entity an opportunity to continuous improvement.

2.1.5 Failure to involve Contracts Committee or User Department in bid closing and opening

Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023 provides that the opening of the financial bids shall be managed by the Procurement and Disposal Unit and shall be witnessed by a member of the Contracts Committee or a person nominated by the user department.

The Authority noted that no member of the Contracts Committee or a person nominated by the User Department witnessed the bid closing and opening forms in all the sampled procurements. Only a member from the Procurement and Disposal Unit witnessed the bid opening process.

Implication

Failure by the Contracts Committee and User Department to witness bid closing and bid opening sessions hinders transparency in the procurement process.

Management Response

Management regrets the anomaly and promised to improve in the subsequent procurements.

Recommendation

The Head Procurement and Disposal Unit should ensure that a member of the Contracts Committee or a person nominated by the User Department always witnesses the bid opening process to promote transparency and accountability in accordance with Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023.

2.1.6 Delays in the procurement process

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.

The Authority noted delays in the various stages of procurements worth UGX 1,833,615,732 as indicated in Table 6 below:

Table 6: Delays in the procurement process

S/ N	Subject of Procurement	Contract value (UGX)	PPDA Findings	Delays in days
1.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C	585,756,863	<ul style="list-style-type: none"> Delays by the Evaluations committee to evaluate Bid; The bids were received and opened on 14th August 2023, the Evaluation report was prepared and signed on 4th October 2023. Delays of 23 working days Delayed submission of draft contract agreement for approval to Solicitor General by the Head Procurement and Disposal Unit. While the expiry date of NoBEB was 26th October 2023, the same 	74 working days

S/ N	Subject of Procurement	Contract value (UGX)	PPDA Findings	Delays in days
			was submitted on Solicitor General on 7 th December 2023 (13 th November 2023) delay of 30 working days and approved by Solicitor General on 20 th December 2023 and the contract was signed on 23 rd January 2024, delays of 21 working days.	
2.	Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C	587,525,639	<ul style="list-style-type: none"> Delays by the Evaluation Committee to conduct evaluation exercise; whereas bidding was closed on 14th August 2023, the report was signed on 5th October 2024 delays of 24 working days. Head PDU delayed to submit the draft contract to Solicitor General by 12 working days; whereas the NoBEB display ended on 26th October 2023, the Solicitor General received the draft contract on 13th November 2023. 	36 working days
3.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	587,100,896	Delay by the Evaluation Committee to conduct evaluation exercise by 24 working days; bidding was closed on 14 th August 2023 however the report was signed on 5 th October 2023.	24 working days
4.	Construction of a classroom block at Kyoga P/S	73,232,334	Delay by the Evaluation Committee to conduct evaluation exercise by 24 working days; whereas bidding was closes on 14 th August 2023, the report was signed on 5 th October 2023.	24 working days
Total		1,833,615,732	40 days on average	

Implication

Delays in the procurement process denies timely service delivery to the intended beneficiaries.

Management Response

No response was provided by Management

Recommendations

- The Accounting Officer should in line with Section 51 of the PPDA Act, Cap 205:

- i. Task the Head Procurement and Disposal Unit to show cause why caution should not be taken against him for delaying the procurement process for 40 days on average; and
 - ii. Task the members of the Evaluation Committee to show cause why disciplinary action should not be taken against them for delays in procurement process.
- The Head Procurement and Disposal Unit should ensure that the procurement process is implemented in a manner that promotes economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205.

2.1.7 Irregularities at the Evaluation stage

Regulations 5 (1) of the PPDA (Evaluation) Regulations, 2023 provides that the evaluation of bids shall be conducted in accordance with the evaluation criteria specified in the bidding documents.

In four procurements worth UGX 1,647,402,802 the Entity wrongfully disqualified bidders, failed to evaluate bidders and did not follow all the three stages of the evaluation process among others as indicated in Table 7 below:

Table 7: Procurements with irregularities at the evaluation stage

S/N	Subject of Procurement	Contract value (UGX)	PPDA findings
1.	Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C	587,525,639	<ul style="list-style-type: none"> • Failure to subject the bid of Danrita Investments Ltd, Mitala Technical Services Ltd and Tikvah Services Ltd to the preliminary stage of the evaluation process. • Wrongful disqualification of Tikvah Services Ltd (UGX 726,177,530); according to the Notice of the Best Evaluated Bidder dated 12th October 2023, where Tikvah Services Ltd was unsuccessful on the grounds of no specific Powers of Attorney, no certificate of registration & no experience in similar works however the company had submitted a special Power of Attorney, Certified Memorandum of Association and the required experience. • Failure to subject the successful technical bidders to the financial comparison stage in the evaluation process casting doubt in the evaluation process.
2.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C	585,756,863	Failure to evaluate bids from Mugajjera Group of Companies Ltd (UGX 849,101,157), GIC Logistics & Engineers Ltd (UGX 540,380,681), Artans Contractors Ltd (UGX 525,967,536) and Zillion Investments Ltd (UGX 436,706,452). While the record of bid opening indicates that eight bids were received and opened, only five bids that were above the

S/N	Subject of Procurement	Contract value (UGX)	PPDA findings
			BEB's quotations were evaluated however three bids that had lower quotations indicated above were not evaluated and were not in the evaluation report which led to a possible financial loss of UGX 149,050,411
3.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	Failure to evaluate bids from Flying Construction Co. Ltd (UGX 412,021,055), Zillion Investments Ltd (UGX 436,706,452), GIC Logistics & Engineers Ltd (UGX 540,380,681); While the record of bid opening indicates that six bids were received and opened, the evaluation report stated that nine bids were opened but only five bids that were above the BEB's quotation were evaluated.
4.	Design for Kikyusa mini solar piped water system	34,722,975	Failure to subject all bidders to the technical and financial evaluation examination in the evaluation process.
	Total	1,647,402,802	

Implication

This may lead to award of contracts to non-compliant bidders which could result in to substandard work and failure to attain value for money.

Management response

Management noted the regularities in the evaluation and the evaluation teams have been warned in writing against repeating the vice.

Recommendations

- The Accounting Officer should task the members of the Evaluation Committee to show cause why disciplinary action should not be taken against them for not evaluating bidders with lower bid prices that led to a financial loss of UGX 149,050,411.
- The Evaluation Committee Members should strictly adhere to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation reports as provided under Regulations 5 of the Public Procurement and Disposal Assets (Evaluation) Regulations, 2023.

2.1.8 Participation in Evaluation exercise without approval by the Contracts Committee

Section 30 (b) of the PPDA Act Cap 205, requires that the Contracts Committee shall be responsible for approving the Evaluation Committee members.

In four procurements worth UGX 2,584,321,815, the Authority noted that individuals not approved by the Contracts Committee as members of the Evaluation Committee participated in evaluation of bids and subsequently signed the evaluation reports as indicated in Table 8 below:

Table 8: Procurements with changed Evaluation Committee Members

S/N	Subject of Procurement	Contract value (UGX)	Approved by the CC	Unapproved Evaluation Committee members
1.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	587,100,896	<ul style="list-style-type: none"> • Eng. Stephen Sekayingo District Engineer • Mr. Charles Wesige SAEO/Civil • Mr. Charles Kiridde 	<ul style="list-style-type: none"> • Mr. Geoffrey Musiimenta Planner • Ms Jackie Nakidde PO
2.	Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C	587,525,639	<ul style="list-style-type: none"> • Mr. Philip Mayombwe SPO • Mss Oliver Nanteza Finance Officer 	
3.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C	585,756,863		
4.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325		
5.	Extension of Nakaseke District Administration Block Phase 4	384,541,092		
	Total	2,584,321,815		

Implication

Participating in evaluation without approval by the Contracts Committee amounts to usurping powers of the Contracts Committee

Management Response

Management explained that the Contracts Committee which sat on the 13th October 2023 under Min. No. 004/Naka/DCC/Oct/2023-24 approved Mr. Geoffrey Musiimenta and Ms. Jackie Nakidde as additional members of the evaluation committee on observing that some of the previously approved members were not to be available for the exercise.

Authority's comment; Management response was noted however no documentary evidence was provided for verification.

Recommendations

- The Accounting Officer should task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for inviting individuals not approved by Contracts Committee as members of the Evaluation Committee contrary Section 51 of the PPDA Act, Cap 205.
- The Contracts Committee should desist from approving evaluation reports where individuals not approved as members of the Evaluation Committee participated in accordance with Section 51 of the PPDA Act, Cap 205.

2.2. COMPLIANCE OF THE ENTITY DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, CAP 205 AND PPDA REGULATIONS 2023

2.1.1 Failure to Dispose of Obsolete Items.

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

The Authority reviewed the Entity's disposal plan for financial year 2023/2024 dated 16th October 2023 and noted that their assets were due for disposal. However, the Entity never conducted a disposal process in the financial year 2023/2024 as indicated in Table 9 below.

Table 9: Assets to be disposed off

S/N	Items of disposal, Reference No/Engraving	Management Response
1.	Yamaha motorcycle, DE02X-036105	No response was provided by management
2.	Yamaha Motorcycle, 3IT-163736/DE02X-040909	
3.	Tipper, LG0020086, 51886133/CAC00909	
4.	Generator, 403d-15	All quotations were below reserve px
5.	UAC 394U Suzuki Motorcycle TF 12- 143258 TFt225-143703	No response was provided by management
6.	LG029-69 Yamaha Motorcycle 2008 E391E-O 11519	
7.	LG0012-086 Faw Tipper 2072 15444997 CACO1049	
8.	UG 2549R Honda Motorcycle	Waiting for no objection from MoLG
9.	LG 0034-69 Yamaha Motorcycle	No response was provided by management
10.	LG0041-69 Yamaha Motorcycle	
11.	Honda Motorcycle LI12SE-5589104	
12.	LG0013-086 Pickup D/C 2012 c3040745	
13.	LG0014- 086 xTox900 Tractor 20t2 LR4MS.23-vM72028826	
14.	LGOO42- 69 Yamaha Motorcycle 2009 E3D7E-O21887	
15.	LG0033-69 Yamaha Motorcycle 2009 E3918-011567	
16.	UG 2282M Nissan H/Body Pickup D/C 2003 QD32-178585	
17.	LG0003- 086 FAW Tipper 2012 51985021	

S/N	Items of disposal, Reference No/Engravement	Management Response
18.	LG0008-086 FAW 20t2 519A5022	
19.	LG0032-69 Yamaha Motorcycle 2008 E39 1E-O 1 1546	
20.	UDL 009S Honda Motorcycle L125S-5746225	
21.	UG2555R Honda Motorcycle 2004 L125SE. 5599510	
22.	LG0029- 69 Yamaha Motorcycle 2004 E391E-011519	
23.	LG0016-086 JMC Pickup D/C 2012 C3044260	

Source: Entity's disposal plan for FY 2023/2024 dated 16th October 2023

Implication

Failure to dispose of assets inhibits achievement of value for money due to loss of asset value caused by further depression theft and vandalism.

Management Response

The Entity disposed of and generated revenue worth Ugx. 31,405,000. The remaining items for disposal will be incorporated in the next Board of Survey report.

Authority's comment; The Authority Commends the Entity for the disposal conducted however they should expedite the disposal of the remaining items.

Recommendations

The Accounting Officer should:

- i. Ensure that the User Departments that are responsible for the management of public assets, initiate the process of disposal of the remaining public assets by making a request for disposal to the Accounting Officer in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.
- ii. Continue liaising with Entities that have ownership of the remaining items due for disposal to ensure that they are disposed of.

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

2.3.1 Change of Contract terms

For three procurement worth UGX 1,409,695,280, a comparison of the bidding document special conditions of contract terms and Special Conditions of contract terms of the signed contract revealed that the Accounting Officer signed contracts with altered contract terms from those in the bidding document as indicated in Table 11 below:

Table 9: Contracts with different contract terms from those in the Bidding Document

No.	Subject of Procurement	Contract value (UGX)	Requirements in the bidding document	Contract agreement
1.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke	585,756,863	SCC GCC 22: provided Completion Period (4 months)	SCC GCC 22: Completion Period (6 calendar months)
			SCC GCC 44.1 provided that the Defects Liability	The Defects Liability Period is

No.	Subject of Procurement	Contract value (UGX)	Requirements in the bidding document	Contract agreement
	Moslem S.S in Wakyato S/C		Period is 365 days Calendar days.	180 days Calendar days.
2.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	<p>SCC GCC 22; provided completion Period (4 months)</p> <p>SCC GCC 44.1; provided the Defects Liability Period is 365 days Calendar days.</p> <p>SCC GCC 36.1; provided the Contractor shall submit the Program for the Works within 14 days of contract signature.</p> <p>SCC GCC 36.3; The period between Program updates is 30 days.</p>	<p>SCC GCC 22: Completion Period (8 calendar months)</p> <p>The Defects Liability Period is 180 days</p> <p>SCC GCC 36.1; The Contractor shall submit the Program for the Works within 07 days of contract signature.</p> <p>SCC GCC 36.3; The period between Program updates is 28 days.</p>
3.	Extension of Nakaseke District Administration Block Phase 4	384,541,092	<p>SCC GCC22: Completion Period (4 months)</p> <p>SCC GCC 44.1 The Defects Liability Period is 365 days Calendar days.</p> <p>SCC GCC 36.1 The Contractor shall submit the Program for the Works within 14 days of contract signature.</p> <p>GCC 36.3 The period between Program updates is 30 days.</p>	<p>SCC GCC22: Completion Period (8 calendar months)</p> <p>The Defects Liability Period is 180 days</p> <p>SCC GCC 36.1 The Contractor shall submit the Program for the Works within 07 days of contract signature.</p> <p>GCC 36.3 The period between Program updates is 28 days.</p>
		1,409,695,280		

Implications

- This exposed the Entity to legal risks during contract execution due to inconsistencies in the contract terms in the bidder's bid and the signed contract.
- It also hinders fairness and transparency in the procurement process as other potential bidders who could meet the new improved terms might have been deterred by the previous strict terms.

Management Response

The altered terms and conditions were anomalies which is regrettable and shall never recur going forward.

Recommendation

The Accounting Officer should ensure that contract documents are in accordance with the form of contract specified in the bidding document in accordance with Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023.

2.3.2 Signing VAT Inclusive Contracts with a Non-VAT Registered Provider.

ITB 17.3 of the bidding document for works issued by the Authority states that the price to be quoted in the Bid Submission Sheet shall be the total price of the bid. In the event that taxes are not exempt, the price must include any applicable taxes.

In the procurement of Construction of 2 blocks of 2 classrooms at Wakyato Seed School at Wakyato S/C worth UGX 239,997,996 the Entity paid VAT worth UGX 36,609,864 to Pedoline Services Ltd which is not VAT Registered as confirmed by their Tax registration on the URA website.

Implication

Payment of VAT to non-VAT registered providers leads a financial loss to government.

Management Responses

The Entity commits to recover funds worth UGX 36,609,865 paid to Pedoline Services Ltd

Recommendations

The Accounting Officer should:

- Task Procurement and Disposal Unit and Finance Departments, to carry out thorough due care on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously; and
- Recover or refund from the providers worth UGX 36,609,865 paid VAT to non-registered provider Pedoline Services Ltd.

2.3.3 Signing of Contracts against expired Bids.

Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023 provides that a Procuring and Disposing Entity shall not issue a contract except where the display period has expired and the bid is valid or the bidder is willing to extend the bid validity on terms similar to the terms stated in their bid.

In seven procurements worth UGX 2,670,257,954 the Entity signed contracts after expiry of the bid validity period making the contracts null and void as indicated in Table 12 below:

Table 10: Procurements signed after expiry of Bid Validity period

S/N	Subject of Procurement	Contract value (UGX)	Bid validity	Contract signing date
1.	Construction of 2 blocks of 2 classrooms at Wakyato Seed School at Wakyato S/C	239,997,996	19 th September 2023	23 rd January 2024

S/N	Subject of Procurement	Contract value (UGX)	Bid validity	Contract signing date
2.	Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C	587,525,639	15 th September 2023	25 th January 2024
3.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	587,100,896	15 th September 2023	17 th January 2024
4.	Construction of a male and pediatric ward at Semuto HCIV in Semuto T/C	230,479,235	15 th September 2023	25 th January 2024
5.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C	585,756,863	15 th September 2023	23 rd January 2024
6.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	15 th September 2023	23 rd January 2024
7.	Extension of Nakaseke District Administration Block Phase 4	384,541,092	17 th October 2023	17 th January 2024
	Total	2,670,257,954		

Implication

This rendered the contract null and void.

Management response

It is regrettable that during the time of audit, the respective communications were not appropriately filed, but on the 4th September 2023, the bidders were notified of the extension of bid validity and copies of response are available for verification.

Authority's comment; no documentary evidence was submitted to confirm the claims.

Recommendations

- The Head of Procurement and Disposal Unit should monitor bid validity periods and where an extension is required, a bidder shall be requested in writing before the expiry of validity of their bid for a specified period in accordance with Regulation 62 (5) of the PPDA Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- The Accounting Officer should desist from signing contracts based on expired bids.

2.3.4 Signing contracts before clearance by Solicitor General

Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023 requires that all the relevant Agencies, including, where applicable, the Attorney General, make the necessary approval.

For two contracts worth UGX 1,026,498,221 the Authority established that the Entity signed the contracts before clearance by Solicitor General as indicated in Table 13 below:

Table 11: Procurements signed before clearance by Solicitor General

No	Subject of procurement	Amount (UGX)	Observations
1.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	587,100,896	Contract signed on 17 th January 2024 and yet the Solicitor General cleared on 25 th January 2024
2.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	Contract signed on 23 rd January 2024 and the Solicitor General cleared on 25 th January 2024
	Total	1,026,498,221	

Implication

Signing of the contract before clearance by the Solicitor General rendered the contract null and void.

Management Response

The observation of the Authority is noted and signing contracts before clearance of contracts by the Solicitor General shall not reoccur going forward.

Recommendation

The Accounting Officer should desist from signing contracts before clearance by the Solicitor General thus exposing the Entity to legal risks contrary to Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

2.3.5 Incomplete Procurement Action files

Regulation 52 (3) (vii) of the PPDA (Contract) Regulations, 2023 requires that all contract management records are kept and archived as required.

The Authority noted that the Procurement and Disposal Unit did not obtain contract management reports and records for nine procurements worth UGX 2,266,387,625 thus rendering procurement action files incomplete as detailed in Table 14 below:

Table 12: Missing procurement records

No	Subject	Value in UGX	Missing records
1.	Construction of a male and pediatric ward at Semuto HCIV in Semuto T/C	230,479,235	<ul style="list-style-type: none">• Issue of bids, receipt of bids and opening forms• Contract Management Plan

No	Subject	Value in UGX	Missing records
2.	Construction of a classroom block at Kyoga P/S	73,232,334	Contract management records of certificates, reports and contract Management Plan
3.	Construction works at Semuto HCIV maternity completion	77,516,443	Requisition form Contract Management Plan
4.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	587,100,896	<ul style="list-style-type: none"> • Revised workplan • Contract management plan • Progress reports • ESHS reports • Performance security • Minutes and record of attendance for the pre-bid meeting held on 25th July 2023.
5.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	
6.	Extension of Nakaseke District Administration Block Phase 4	384,541,092	<ul style="list-style-type: none"> • Procurement requisition/form 5 • Minutes and record of attendance for the pre-bid meeting held on 25th July 2023. Also, no evidence that the minutes were circulated to the participating bidders. • Payment records • Appointment of contract manager or project management team
7.	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	439,397,325	<ul style="list-style-type: none"> • Payment records • Appointment of contract manager or project management team • Contract Management Plan
8.	Design for Kikyusa mini solar piped water system	34,722,975	Contract management plan
9.	Design, supply and installation of micro-scale irrigation systems		<ul style="list-style-type: none"> • Contract management records • Evaluation report • Minutes and record of attendance for the pre-bid meeting held on 25th July 2023. • Contract Management Plan
Total		2,266,387,625	

Implication

Failure to attach contract management documents complicates the audit process which may lead to the Entity being ranked as a high-risk and casts doubt on whether the Entity was supervising the projects effectively and efficiently.

Management Response

No response was provided by Management

Recommendations

- The Accounting Officer should task the Contract Managers to show cause why disciplinary action should not be taken against them for not preparing contract management plans using Form 49 in Schedule 2 and forward a copy of the contract management plan to the Procurement and Disposal Unit in line with Regulation 50 (4) of the PPDA (Contract) Regulations, 2023.
- The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 33 (o) of the PPDA Act, Cap 205.

2.3.6 Irregularities noted during physical verification on selected procurements

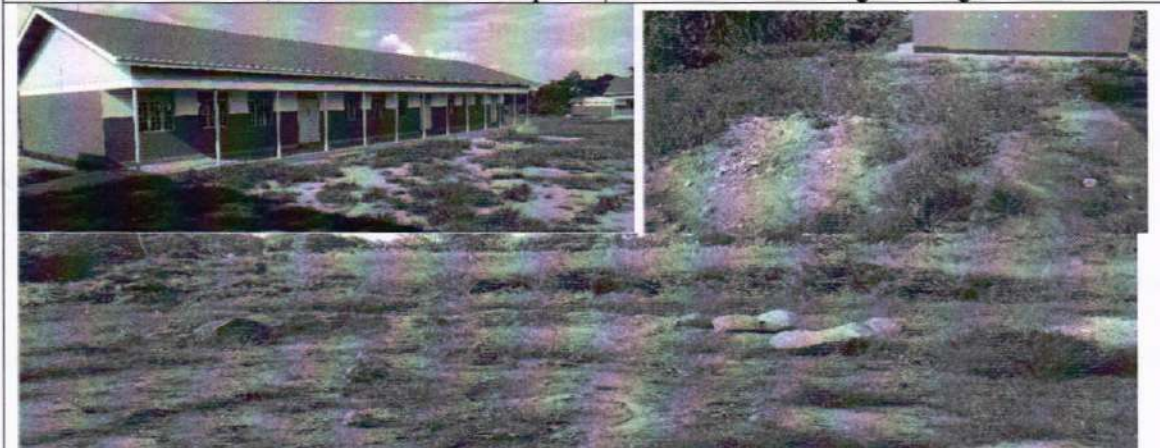
The audit team noted the following irregularities during physical verification.

i. Non adherence to Environmental and Safety concerns (failure to restore the site to its original state at Katooke Muslim Secondary School)

The Authority noted that after the construction of a classroom block the contractor (Kast Engineering Works Ltd) did not remove the remaining construction materials as indicated in Figure 1 below:

Figure 1: Failure to restore site to its original state at Katooke Muslim Secondary School

Construction of a one block of 2 classroom, a multi-purpose hall, Admin block, 2 Blocks of 5 stance VIP Latrine at Katooke Muslim Secondary School	
Contract Value: 585,756,863 Status: Complete	Provider: Kast Engineering Works Ltd



Implication

Failure to restore the site exposes the learners to the risk of accidents and environmental degradation.

Management Response

No response was provided by Management.

Recommendation

The Contract Manager should ensure that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract and in accordance with Regulation 52 (3) (1) of the PPDA (Contracts) Regulations, 2023.

ii. Anomalies noted in the micro-irrigation scheme procurements

The UGIFT Micro Scale Irrigation Program supports farmers to purchase and use individual irrigation equipment. It supports farmers in purchasing the irrigation equipment through a matching grant scheme, in which the cost of the equipment is co-financed by the farmer and government, i.e., Maximum Government payment of 75% of the total cost of equipment but not exceeding UGX 18,000,000 for solar powered-irrigation equipment, and a Maximum Government payment of 25% of the total cost of equipment, capped at UGX 5,000,000 for petrol-powered irrigation equipment. on the other hand, a farmer is meant to pay a minimum 25% of the cost of the preferred irrigation equipment.

The Entity planned to procure solar powered micro scale irrigation systems worth UGX 1,012,285,050 in the financial year under Audit. The Entity identified approximately 46 farmers that were to be supported. Procurement process was conducted and 36 irrigation systems were installed for 36 farmers, as per verbal communication by District Agriculture Engineer and Irrigation Officer.

The following anomalies were noted in the procurement for Design, supply and installation of micro-scale irrigation systems to various farmers in Nakaseke District:

- The Entity did not prepare a consolidated procurement requisitions thus making it hard to establish the estimated procurement cost against which bidders were evaluated.
- There were no Contracts Committee minutes approving the procurement
- There was no evaluation report on file
- There were no contract management records on file other than payments to some contractors

Implication

Failure to attach contract management documents complicates the audit process and casts doubt on whether the Entity was supervising the projects effectively and efficiently.

Management Response

Management regrets the miss filing however the queried documents are available for verification **Authority's comment;** the Authority's response however no evidence was submitted

Recommendation

The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 33 (o) of the PPDA Act, Cap 205.

Figure 2: Pictorial Evidence for some of the farmers who had installed the irrigation systems

Mr. Ngirabakunzi John: 2.5 Acres: Water source: Borehole



Mr. Bbale Ale, 1.5 Acres: Source of water Borehole



CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different audit questions.

3.1. Overall Audit Conclusion

The performance of Nakaseke District Local Government for the Financial Year 2023/2024 was **Moderately Satisfactory** with overall weighted average risk rating of **44.8%**.

The risk rating is as follows:

Table 13: Risk Rating Table

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 17 below: -

Table 14: Weighted Score of Nakaseke District Local Government

Risk Category	No.	No.%	Value (UGX)	Value. %	Weights	Total Weighted Average	
						By No.	By Value
High	2	16.7	825,754,859	14	0.6	10	8.4
Medium	9	75	2,530,781,379	42.9	0.3	22.5	12.9
Low	-	-	-	-	0.1	-	-
Satisfactory	1	8.3	2,539,525,500	43.1	0	-	-
Total	12	100	5,896,061,738	100	1	32.5	21.3

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{32.5}{60} \times 100 = 54.2\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{21.3}{60} \times 100 = 35.5\%$$

$$\text{Combined Weighted Average} = \frac{54.2 + 35.5}{2} = 44.8\%$$

Figure 3: Risk Rating by Number

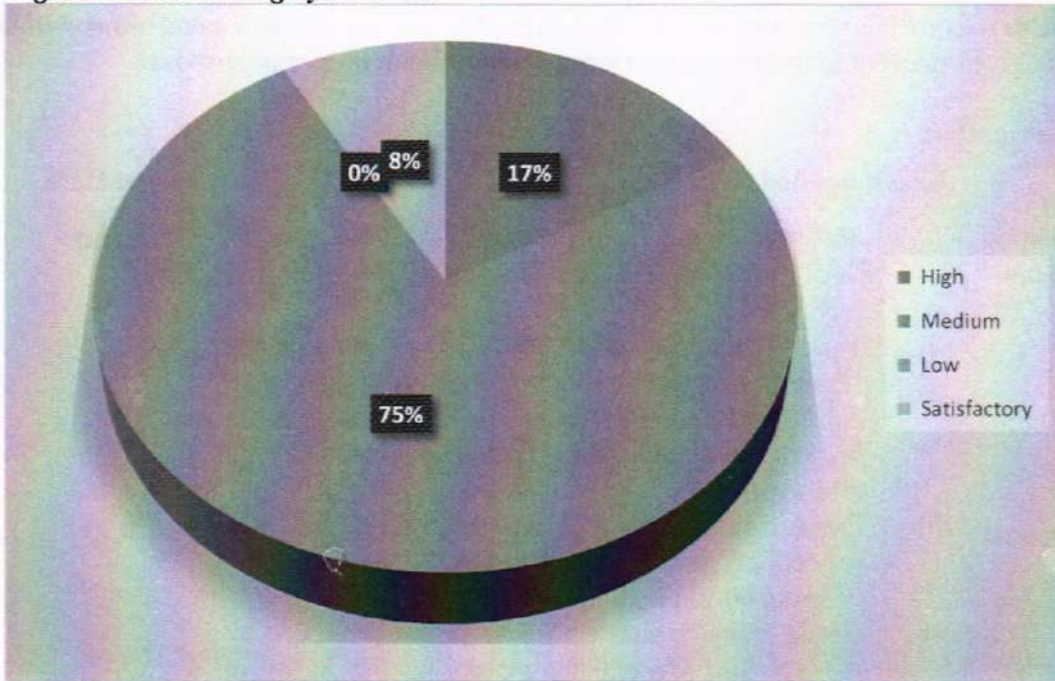
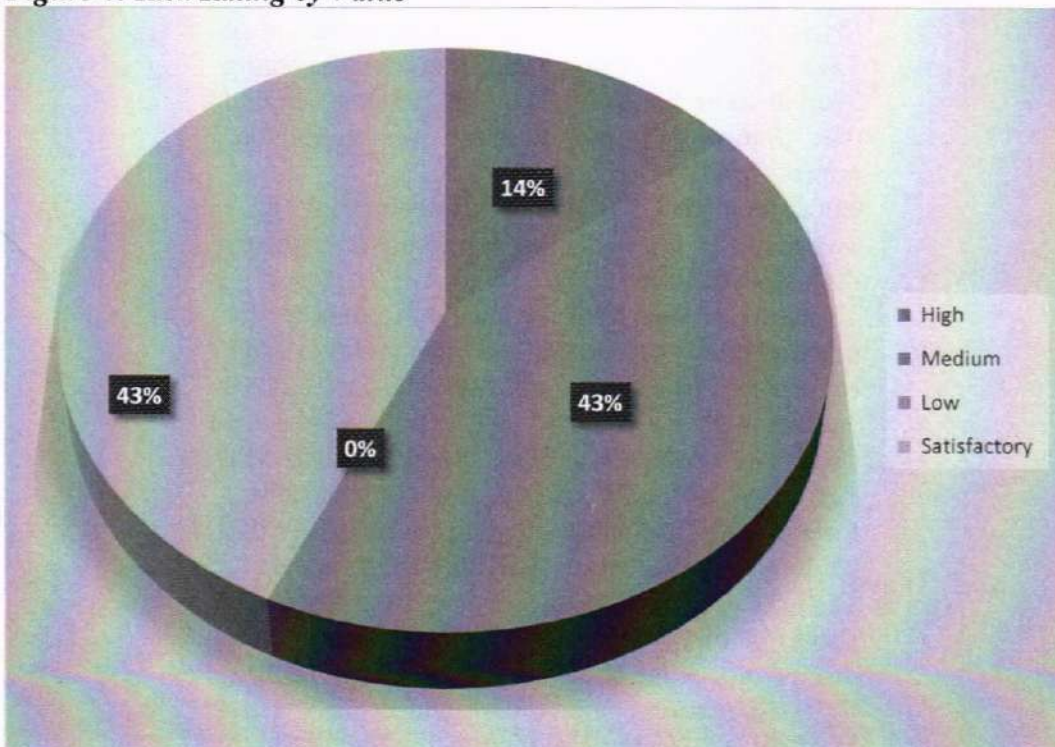


Figure 4: Risk Rating by Value



3.2. Recommended Action Plan

Nakaseke District Local Government should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 15: Action Plan

Origin	Recommended Action	Target Date
The Accounting Officer should:	<ul style="list-style-type: none"> <li data-bbox="459 488 1193 589">i. Recover money worth UGX 36,609,865 paid as VAT to, Pedoline Services Ltd who was not registered for VAT; <li data-bbox="459 589 1193 768">ii. Task Procurement and Disposal Unit and Finance Departments, to carry out thorough due diligence on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously; <li data-bbox="459 768 1193 880">iii. Desist from signing contracts based on expired bids in accordance with Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023; <li data-bbox="459 880 1193 1014">iv. Desist from signing contracts before clearance by the Solicitor General thus exposing the Entity to legal risks contrary to Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023; <li data-bbox="459 1014 1193 1261">v. Task the Head of Internal Audit to show cause why disciplinary action should not be taken against him for failure to follow up on the implementation of 75% of PPDA recommendations contravening Section 10 of the PPDA Act, Cap 205 thus denying the Entity an opportunity to continuous improvement; <li data-bbox="459 1261 1193 1373">vi. Continue liaising with departments that have ownership of the items due for disposal to ensure that they are disposed of. <li data-bbox="459 1373 1193 1664">vii. Task the members of the Evaluation Committee for procurements in Table 6 of the main report to show cause why disciplinary action should not be taken against them for causing delays at the evaluation stage of 40 working days in average in line with Section 51 of the PPDA Act, Cap 205 and table 7 for not evaluating bidders with lower bid prices that led to a financial loss of UGX 149,050,411; and <li data-bbox="459 1664 1193 1944">viii. Task the Contract Managers for procurements in Table 14 of the main report to show cause why disciplinary action should not be taken against them for not preparing contract management plans using Form 49 in Schedule 2 and failure to forward a copy of the contract management plan to the Procurement and Disposal Unit in line with Regulation 50 (4) of the PPDA (Contract) Regulations, 2023; 	September 2025

Origin	Recommended Action	Target Date
The Contracts Committee	Should desist from approving evaluation reports where unapproved officers participated in the evaluation of bids in accordance with Section 30 (b) of the PPDA Act, Cap 205	
The Head Procurement and Disposal Unit should	<ul style="list-style-type: none"> i. Show cause why disciplinary action should not be taken against him for; <ul style="list-style-type: none"> a. Submitting incomplete monthly/quarterly procurement reports to the Authority contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and b. Delaying the procurement process for 40 working days on average at the evaluation stage, submission of draft contracts for approval by Solicitor General among others and for inviting individuals not approved by Contracts Committee as members of the Evaluation Committee contrary to Section 30 (b) of the PPDA Act Cap 205. ii. Ensure that the Entity's procurement and disposal plan is submitted to the Authority in accordance with Section 60 (1) of the PPDA Act, Cap 205; iii. Monitor bid validity periods and where an extension is required, a bidder shall be requested in writing before the expiry of validity of their bid for a specified period in accordance with Regulation 62 (5) of the PPDA Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; iv. Ensure that the User Departments that are responsible for the management of public assets, initiate the process of disposal of the public assets by making a request for disposal to the Accounting Officer in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023; v. Ensure that the Evaluation Committee Members strictly adheres to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation reports as provided under Regulations 5 of the Public Procurement and Disposal Assets (Evaluation) Regulations, 2023; and vi. Ensure that a member of the Contracts Committee or a person nominated by the User Department always witnesses the bid opening process in a bid to promote transparency and accountability in line with Regulation 29 (1) of the PPDA (Evaluation) Regulations, 2023; vii. Ensure that the procurement process is implemented in a manner that promotes economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205; and 	September 2025

Origin	Recommended Action	Target Date
	viii. Archive all documents pertaining to a particular procurement on their respective files in accordance with Section 33 (o) of the PPDA Act, Cap 205.	
User Departments	<ul style="list-style-type: none"> <li data-bbox="448 434 1182 611">i. Strictly adhere to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation reports as provided under Regulations 5 of the Public Procurement and Disposal Assets (Evaluation) Regulations, 2023. <li data-bbox="448 611 1182 788">ii. Ensure that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract and in accordance with Regulation 52 (3) (1) of the PPDA (Contracts) Regulations, 2023. 	September 2025

Annex A: Summary Case by Case

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	Naka902/Wrks/23-24/00015 Construction of 2 blocks of 2 classrooms at Wakyato Seed School at Wakyato S/C ODB Pedoline Services Limited 239,997,996	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Entity paid VAT worth UGX 36,609,864 to Pedoline Services Ltd which is not VAT Registered • Signing of Contracts against an expired Bid Validity period. • Failure to prepare contract management plans
2.	Naka902/Wrks/23-24/00007 Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C ODB Kast Engineering Works Ltd 585,756,863	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Delays in the procurement process • Irregularities at the evaluation stage which led to a possible financial loss of UGX 149,050,411 • Participation in Evaluation exercise without approval by the Contracts Committee • Change of contract terms • Signing of Contracts against an expired Bid Validity period. • Failure to prepare contract management plans • Failure to restore site to its original state at Katooke Muslim Secondary School

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	Naka902/wrks/23-24/00013 Construction of a classroom block at Kyoga P/S ODB Contract Amount: 73,232,334	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Delays in the procurement process • Failure to prepare contract management plans • Missing records of certificates and reports
2.	Naka902/Wrks/23-24/00009 Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C ODB Danrita Contract Amount: 587,525,639	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Delays in the procurement process • Irregularities at the evaluation stage • Participation in Evaluation exercise without approval by the Contracts Committee • Signing of Contracts against an expired Bid Validity period. • Failure to prepare contract management plans

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
3.	Naka902/Wrks/23-24/00006 Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C ODB Behariz Services Ltd Contract Amount: 587,100,896	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Delays in the procurement process • Participation in Evaluation exercise without approval by the Contracts Committee • Signing of Contracts against an expired Bid Validity period. • Signing contracts before Clearance by Solicitor General Clearance • Failure to prepare contract management plans
4.	Naka902/Wrks/23-24/00003 Construction of a male and paediatric ward at Semuto HCIV in Semuto T/C ODB Malkan Investment Limited Contract Amount: 230,479,235	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Signing of Contracts against an expired Bid Validity period. • Failure to prepare contract management plans • Missing records of Issue of bids, receipt of bids and opening forms
5.	Naka902/wrks/23-24/00004 Construction works at Semuto HCIV maternity completion ODB Malkan Investments ltd Contract Amount: 77,516,443	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Failure to prepare contract management plans • Missing records of procurement requisition
6.	Naka902/Srvc/23-24/00001 Design for Kikyusa mini solar piped water system ODB Dokaj (U) Ltd Contract Amount: 34,722,975	<ul style="list-style-type: none"> • Inadequate bidding document • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Irregularities at the evaluation stage • Failure to prepare contract management plans
7.	Naka902/wrks/23-24/00016 Design, supply and installation of micro-scale irrigation system at Mr. Sekalala Aga's farm in Wakyato Sub-County, Ms. Nakidde Debora Male farm in Nakaseke Sub-County, Mr. Ngirabakunzi John farm in Butalangu Town Council and Mr. Bbale Alex farm in Wakyato Sub-County. ODB Waterfix Engineering Ltd Contract Amount: 116,265,440	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Failure to prepare contract management plans

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
8.	Naka902/Wrks/23-24/00008 Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C ODB Flying Construction Co. Ltd Contract Amount: 439,397,325	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Irregularities at the evaluation stage • Participation in Evaluation exercise without approval by the Contracts Committee • Change of contract terms • Signing of Contracts against an expired Bid Validity period. • Signing contracts before Clearance by Solicitor General Clearance • Failure to prepare contract management plans • Missing records of SG clearance, Payment records, Appointment of contract manager or project management team
9.	Naka902/Wrks/23-24/00014 Extension of Nakaseke District Administration Block Phase 4 ODB Green Village Projects Limited Contract Amount: 384,541,092	<ul style="list-style-type: none"> • Failure to involve Contracts Committee or User Department in bid closing and opening sessions • Participation in Evaluation exercise without approval by the Contracts Committee • Change of contract terms • Signing of Contracts against an expired Bid Validity period. • Failure to prepare contract management plans • Missing records of requisition, pre-bid minutes, Solicitor General Clearance, payment records and Appointment of contract manager or project management

NO	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	Nil	

	SATISFACTORY CONTRACTS	
1.	MoES/UGIFT/Wrks/22-23/00001/- Lot 13 Construction of Seed Secondary Schools in Ngoma Sub- County in Nakaseke District under the Uganda Inter-Governmental Fiscal Transfer Programme ODB Jilo Construction (U)Ltd UGX. 2,539,525,500	

Annex B: Sample List for Nakaseke District Local Government for Financial Year 2023/2024

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)
1.	Naka902/Wrks/23-24/00009	Construction of one block of two classrooms, a multi-purpose hall, administration block, 2 blocks of 5 stance VIP Latrines at Kaffu-Kimera SS in Semuto S/C	ODB	Danrita Investments Ltd	587,525,639
2.	Naka902/Wrks/23-24/00006	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 stance VIP latrines at Kasambya SS in Nakaseke S/C	ODB	Behariz Services Ltd	587,100,896
3.	Naka902/Wrks/23-24/00003	Construction of a male and paediatric ward at Semuto HCIV in Semuto T/C	ODB	Malkan Investment Limited	230,479,235
4.	Naka902/Wrks/23-24/00015	Construction of 2 blocks of 2 classrooms at Wakyato Seed School at Wakyato S/C	ODB	Pedoline Services Limited	239,997,996
5.	Naka902/wrks/23-24/00013	Construction of a classroom block at Kyoga P/S	ODB		73,232,334
6.	Naka902/wrks/23-24/00004	Construction works at Semuto HCIV maternity completion	ODB	Malkan Investments ltd	77,516,443
7.	Naka902/Wrks/23-24/00007	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katooke Moslem S.S in Wakyato S/C	ODB	Kast Engineering Works Ltd	585,756,863
8.	Naka902/Wrks/23-24/00008	Construction of one block of 2 classrooms, a multipurpose hall, administration block, 2 blocks of 5 - stance VIP latrines at Katale Kamese S.S in Kito S/C	ODB	Flying Construction Co. Ltd	439,397,325
9.	Naka902/Wrks/23-24/00014	Extension of Nakaseke District Administration Block Phase 4	ODB	Green Village Projects Limited	384,541,092
10.	Naka902/Srvc/23-24/00001	Design for Kikyusa mini solar piped water system	ODB	Dokaj (U) Ltd	34,722,975

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)
11.	Naka902/wrks/23-24/00016	Design, supply and installation of micro-scale irrigation system at Mr. Sekalala Aga's farm in Wakyato Sub-County, Ms. Nakidde Debora Male farm in Nakaseke Sub-County, Mr. Ngirabakunzi John farm in Butalangu Town Council and Mr. Bbale Alex farm in Wakyato Sub-County.	ODB	Waterfix Engineering Ltd	116,265,440
12.	MoES/UGIFT/Wrks/22-23/00001/- Lot 13	Construction of Seed Secondary Schools in Ngoma Sub- County in Nakaseke District under the Uganda Inter- Governmental Fiscal Transfer Programme	ODB	Jilo Construction (U)Ltd	2,539,525,500
		TOTAL			5,896,061,738

Annex C: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using	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	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and 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	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.		

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.