



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

**COMPLIANCE AUDIT REPORT FOR THE PRESIDENTIAL
INITIATIVE ON BANANA INDUSTRIAL DEVELOPMENT**

FOR

THE FINANCIAL YEAR 2024/2025

MAY 2026

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Acronyms

AO	Accounting Officer
BIRDC	Banana Industrial Research and Development Centre
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
GCC	General Conditions of the Contract
HPDU	Head, Procurement and Disposal Unit
LPO	Local Purchase Order
MOU	Memorandum of Understanding
NOBEB	Notice of Best Evaluated Bidder
ODB	Open Domestic Bidding
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PIBID	Presidential Initiative on Banana Industrial Development
PPDA	Public Procurement and Disposal of Public Assets Authority
ToR	Terms of Reference
SBD	Standard Bidding Document
SCC	Special Conditions of the Contract
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance audit of the Presidential Initiative on Banana Industrial Development (PIBID). The audit covered a representative sample of 14 procurement transactions under the Financial Year 2024/2025.

The overall objective of the audit was to assess and establish the degree of compliance of Presidential Initiative on Banana Industrial Development's procurement system, process and disposal process with the provisions of the PPDA Act, Cap 205, Regulations, 2023, and Guidelines 2024 and the level of procurement performance over the audit period.

From the findings of the compliance audit exercise, the summary performance of the Presidential Initiative on Banana Industrial Development in the Financial Year 2024/2025 revealed an overall weighted average risk rating of **56.5%** which was **Moderately satisfactory** performance as per ranking in Table 7 of the enclosed report.

The following key exceptions were noted:

1. Failure to implement 28% of the procurement plan worth UGX 20,575,116,143 in the FY 2024/2025. Although management cited the international nature of some procurements requiring extended delivery timelines and reliance on a multi-year rolling procurement plan as the justification, these explanations do not adequately account for the failure to implement within the financial year because these procurements could reasonably be completed within a single financial year but repeatedly experienced extended delivery periods that crossed into subsequent financial years and this points to weaknesses in procurement planning, execution and contract management.
2. Unjustified use of direct procurement method for the supply of a mixer, oven and bakeware for the pilot plant from Macadams International (PTY) Ltd worth UGX 450,913,900. The Entity relied on a single supplier without demonstrating that other manufacturers were considered, yet the supplier was not the sole manufacturer. This was further confirmed when the procurement of an automatic packaging machine was halted after identifying a cheaper alternative in India, proving that competitive options existed. This possibly exposed the Entity to inflated prices, poor value for money and risks of unfair supplier selection contrary to Section 91 (1) of the PPDA Act, Cap 205.
3. Limited competition through inadequate shortlisting of providers in the procurement for the supply and delivery of bakery requirements for the pilot plant worth UGX 484,526,290. The Entity shortlisted only four firms without any documented justification for the deviation from the prescribed minimum of six under restricted bidding method. This indicated non-compliance with the regulatory requirement and weaknesses in the procurement planning and execution process contrary to Regulation 53 (3) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. This

limits competition and increases the risk of unfairness or favoritism in the procurement process.

4. Delays at different stages of the procurement process in seven procurements worth UGX 4,387,925,086. The delays occurred across key stages including submission to the Contracts Committee, evaluation, display of the Best Evaluated Bidder Notice, submission of draft contracts to the Solicitor General and contract signing. These delays negatively affect timely service delivery to the intended beneficiaries. Additionally, pressure to meet tight deadlines may lead the Entity to take shortcuts such as inadequate evaluation of bids, insufficient review of procurement documents, delayed or weak contract management, omission of key approval procedures and non-compliance with prescribed procurement timelines that could compromise the integrity of the procurement process contrary to Section 129 (f) of the PPDA Act, Cap. 205.
5. The Entity procured a laboratory equipment – Buchi chiller under a contract worth UGX 344,027,840. Replacing the initially offered and compliant Labtech chiller with the specifically required Buchi F-314 chiller increased the bid price from UGX 312,846,809 to UGX 344,027,840, resulting in an additional cost of UGX 31,181,031 despite the availability of a compliant and more cost-effective alternative. The use of restrictive brand names such as “Buchi chiller” and “Julabo chiller” in the specifications directly led to the selection of the more expensive option. As a result, the Entity incurred unnecessary additional expenditure of UGX 31,181,031, thereby compromising value for money contrary to Regulation 6(3)(a) and (b) of the PPDA (Evaluation) Regulations, 2023 and Regulation 38 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
6. Inadequate lifecycle provisions in the procurement of two pilot plant equipment where the bidding documents covered only supply, installation and commissioning of the plant but omitted key considerations such as maintenance, servicing and repair support, spare parts availability, warranty coverage and end-of-life management making it unclear how the equipment would be supported, repaired, replaced, or disposed of over its lifecycle contrary to Regulation 48 (4) of the PPDA (Evaluation) Regulation, 2023.
7. Discrepancies were noted between the Special Conditions of Contracts in the bidding documents and the signed contracts across five contracts worth UGX 2,161,152,093, affecting key terms such as delivery periods, payment conditions and completion timelines with no evidence of Contracts Committee’s approval for these changes. This points to weak internal controls in contract management and exposes the Entity to contractual disputes and supplier non-compliance contrary to Section 31 (1) (a) (v) of the PPDA Act, Cap 205.
8. Inadequate needs assessment by the User Department in the procurement for the supply and delivery of laboratory equipment by Emperors Hill Life Investment Ltd worth UGX 1,034,855,525. This was confirmed by the supplier during installation of the equipment who noted that the machines had been installed without voltage stabilizers and were frequently exposed to unstable power supply, posing a risk of damage to the equipment. In addition, the laboratory windows were not shielded from direct sunlight, there was no internal air supply,

which may adversely affect the performance of the equipment and there were limited trained personnel available to operate the equipment. This may lead to poor functionality, frequent breakdowns and underutilization of the equipment.

9. Slow progress was noted during the physical verification of the construction of the community collection centre at Shuuku Town Council, Sheema District by Tamsak Development Link (U) Ltd that was off-site and no work was ongoing. The site appeared to have been unattended to for several months. The physical progress was estimated at approximately 30% during the physical verification, despite the contract being for six months and signed on 26th March 2025, with an expected completion date of 26th September 2025. Furthermore, there was no evidence that GCC 28 (Liquidated Damages) was applied for the delays indicating a risk of site abandonment and non-enforcement of contractual penalties contrary to GCC 28 of the Special Conditions of the Contract.
10. Delayed deliveries in five procurements worth UGX 2,839,978,213 by an average of 141 days. Furthermore, there was no evidence of extension of the delivery period nor evidence that liquidated damages stipulated in the contracts were applied. This resulted into delayed service delivery to the intended beneficiaries contrary to Section 51 of the PPDA Act Cap 205.
11. Risk of poor product quality due to delegated sorting of bananas at collection centres. The Entity's plan to delegate the critical sorting of matooke to farmer cooperatives at collection centres, without adequate oversight or standardized quality control procedures, exposes the production process to the risk of inconsistent and poor-quality raw materials, which may compromise the final product quality.

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

1. The Accounting Officer Should:
 - i. Ensure that the procurement plan is fully implemented in accordance with Section 60 of the PPDA Act, Cap 205. Where there is need, a review and update of the procurement plan should be conducted on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205.
 - ii. Strengthen the procurement planning process by ensuring regular trainings of the User Departments on conducting comprehensive needs assessments that capture all technical, operational and environmental requirements and in addition, conduct market analysis to enhance their capacity to effectively plan and prepare procurements.
 - iii. Enforce strict compliance with the contract terms by ensuring that project implementation adheres to the contractual timelines. In addition, the Entity should apply contractual remedies where delays have occurred, including liquidated damages in accordance with GCC 28 of the Special Conditions of the Contract, where applicable.

- iv. Task the Contract Managers to effectively supervise their respective contracts and ensure timely delivery of items in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.
 - v. Implement and operationalize the proposed quality assurance framework including deployment of Quality Inspectors at collection centres and also Continuous training and supervision of cooperatives is conducted to ensure adherence to quality standards
2. The Head, Procurement and Disposal Unit should;
- i. Ensure that direct procurement is only used where it is fully justified and in line with the Section 91 (1) of the PPDA Act, Cap 205 and that before selecting this method, proper market research should be conducted to confirm that no reasonable alternatives exist.
 - ii. Ensure a shortlist consists of a minimum of six bidders and where there is no adequate number of bidders prequalified at the Entity, then providers on the Register of Providers of the Authority providing similar requirements should be shortlisted in accordance with Regulation 53 (3) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
 - iii. Always expedite submission to the Contracts Committee after the approval of form 5 by the Accounting Officer
 - iv. Always prevail over the evaluation process to ensure that the evaluation of bids is concluded within the ten working days for the procurement of supplies or non-consultancy services in accordance with Regulation 4(1) (a) of the PPDA (Evaluation) Regulations, 2023 and where it is not able to complete an evaluation exercise within the time specified, the Evaluation Committee shall, in writing, explain to the Accounting Officer the reasons for this and request for extension of the time period in accordance with Regulation 4(2) of the PPDA (Evaluation) Regulations, 2023
 - v. follow through the evaluation committees to fully consider cost-effective alternatives that meet the technical requirements in line with Regulation 6(3) (a & b) of the PPDA (Evaluation) Regulations, 2023
 - vi. provide for whole life cycle costs of equipment is provided for such specific criteria in the bidding document.
3. The Contract Managers should effectively supervise contracts and ensure timely execution of contracts in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023. Where need arises, change orders extending the contractual periods should be prepared by the Contract Manager and issued by the Accounting Officer before the expiry of the contract completion period in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2023;

Presidential Initiative on Banana Industrial Development should implement the recommended action plan on **Pages 36-38**

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

According to Section 28 of the PPDA Act, Cap 205, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal, and contract management in a Procuring and Disposing Entity. For the Financial Year 2024/2025, the Accounting Officer was Rev. Prof. Florence Isabirye Muranga, (PhD).

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

Table 1: Membership of the Contracts Committee

No	Name	Position on Committee	Date of appointment
1.	Dr. Umar Ssonko	Chairperson	29 th October 2025
2.	Mr. Abel Nduru	Member	29 th October 2025
3.	Ms. Namatovu Nisha	Secretary/ Legal Advisor	29 th October 2025
4.	Ms. Suzan Nakaddu Mukasa	Secretary	29 th October 2025
5.	Eng.Arinitwe Frederick	Member	29 th October 2025

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 & Disposal Unit. The Ag. Head Procurement & Disposal Unit was Mr. Polly Onzima.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of the Presidential Initiative on Banana Industrial Development that covered a representative sample of 14 completed procurement transactions. The audit involved a review of procurement structures, procurement, and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap 205, and PPDA Regulations, 2023.

1.3 Main Audit Objectives

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Presidential Initiative on Banana Industrial Development's procurement and disposal system and processes with the provisions of the PPDA Act, Cap 205, and the PPDA Regulations, 2023 and the level of procurement performance over the audit period.

The specific objectives were to establish:

- i. The level of compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act, Cap 205 and PPDA Regulations, 2014 and 2023;
- ii. The level of compliance with the PPDA Act, Cap 205 and PPDA Regulations, 2014 and 2023 in the conduct of disposal activities for the audit period; and
- iii. The level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health, and Safety safeguards (ESHS) where applicable.

1.4 Audit Scope

The audit involved a review of the procurement process, disposal process and general compliance issues in the 12 transactions under Financial Year 2024/25 contained in **Appendix C**.

1.5 Audit 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/disposal planning, initiation, bidding, evaluation, contract placement and management processes.

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **6th March 2026** before the auditors could embark on the preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **30th March 2026** with a request to submit a management response by **15th April 2026**, On **13th April 2026**, the Entity requested an extension to submit the response by **17th April 2026**, and the management response was duly received on **17th April 2026**

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

CHAPTER 2: AUDIT FINDINGS

2.1 Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap 205, Regulations, 2023 and Guidelines 2024 with regard to the performance of the procurement structures

2.1.1 Procurement plan Implementation

Section 60 of the PPDA Act, Cap.205 mandates a Procuring and Disposing Entity to prepare and submit its annual procurement plan for the following financial year. The Authority reviewed the Entity's procurement plan for the Financial Year (FY) (2024/2025) and found that the Entity did not implement 28% of its procurement plan creating a variance of UGX 20,575,116,143 as indicated in Table 2 below:

Table 2: Procurement Plan Implementation

Analysis of procurement Plan Implementation	
Total procurement plan value inclusive of VAT (UGX)	74,220,947,760
Total value of procurements implemented inclusive of VAT (UGX)	53,645,831,617
Procurement plan implementation rate (%)	72%
Implementation variance (UGX)	20,575,116,143

Implication

Procurements worth UGX 20,575,116,143 were not implemented which affected service delivery.

Management response

The Auditor's observation and recommendation is noted and the entity wishes to clarify as follows;

At the end of the year, of the anticipated sales revenue of UGX 15 billion, only UGX 4.1 billion was realized, which had the effect on increasing the performance to 84%. To note is that PIBID/BIRDC prepares its procurement plan using a multi-year rolling procurement plan in accordance with Reg. 3 of the PPDA (Procurement Planning) Regulations, 2023. The variance relates to procurements that are international in nature which required extended periods of delivery. To note is that these procurements have been delivered.

Authority's Comment

The Entity's response is noted. However, the Authority maintains that despite the use of a multi-year rolling procurement plan and the international nature of some procurements, the Entity experienced significant non execution of planned procurements amounting to UGX 20,575,116,143 during FY 2024/2025. The audit further noted that several international procurements, including those supplied by Macadams International (PTY) Ltd and Chemetrix Export Pty Ltd among others involved procurements that could reasonably be completed within a single financial year but repeatedly experienced extended delivery periods that crossed into subsequent financial years leading to multiyear procurement plans. This indicates weaknesses in procurement planning, scheduling, and contract management, which affected timely

implementation of planned activities and service delivery. The Entity is advised to strengthen procurement planning and ensure realistic delivery timelines and effective monitoring of international procurements to minimize unnecessary extensions and delays

Recommendation

The Accounting Officer should ensure that the procurement plan is fully implemented in accordance with Section 60 of the PPDA Act, Cap 205. Where there is need, a review and update of the procurement plan should be conducted on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205.

2.1.2 Failure to fully implement previous audit recommendations

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

The Authority conducted an inspection of Presidential Initiative on Banana Industrial Development in the FY 2022-2023 and made recommendations therein. The audit noted that out of six previous recommendations made, two recommendation (33%) were implemented while four (67%) were not implemented as indicated in table 3 below:

Table 3: indicates previous audit recommendations that were not implemented

No	Recommendation	Audit observation
1.	The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan to reflect realities and ensure improved performance in accordance with Section 58 (4) of the PPDA Act,2003.	This was not implemented since 28% of the procurement plan was not implemented and a review or an update was not conducted as indicated in 1.1 of this Management Letter.
2.	The Accounting Officer should ensure the Entity puts in effort to implement recommendations made by the Authority to improve on the performance of the procurement function.	This was not fully implemented as it is indicated in 1.2 of this Management Letter that 67% of the recommendations of the previous audit were not fully implemented.
3.	The Contracts Committee and Head, Procurement and Disposal Unit should use competitive procurement methods to ensure competition and value for money. Where the direct procurement method is used, the Entity should adhere to the provisions spelt out in Regulations 8, 9 and 10 of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy	This was not fully implemented as direct procurement was still used as indicated in 1.3 of this Management Letter unjustifiably.

	Services) Regulations, 2014.	
4.	The Contracts Committee, the Head, Procurement and Disposal Unit and User Departments should adhere to Regulations 27 and 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 in the preparation of, solicitation documents.	This matter relates to the previously reported issue of issuing inadequate solicitation documents. The recommendation was not fully implemented, as the same issue has recurred, as highlighted under Section 1.7 of this Management Letter.

Implication

Failure to fully implement audit recommendations affects improved performance of the procurement function.

Management Response

The Auditor's observation is noted and regretted. The Entity has undertaken efforts to fully implement the previous audit recommendations by recruiting extra staff to support the PDU. Also, the Entity has undertaken training of the PDU, Contract Committee members, Evaluation Committee members, end users and Contract managers to ensure full implementation of previous audit recommendations.

Authority's Comment

The management response is noted and shows positive steps which includes training and improved staffing levels, but it does not address the core issue of inadequate follow-up and full implementation of audit recommendations.

Recommendation

The Accounting Officer should engage all stakeholders to develop strategies on the implementation of all the Authority's recommendations. Failure of which the Authority will evoke actions against persistent breach in accordance with Section 10 (1) of the PPDA Act, Cap 205.

2.1.3 Unjustified use of direct procurement method

Section 91 (1) of the PPDA Act Cap 205 "*Direct procurement is a sole source procurement method for procurement requirements where exceptional circumstances prevent use of competition.*

The audit revealed in the procurement for the supply, delivery, installation and commissioning of the mixer, oven and bakeware for the pilot plant at Technology Business Incubator (TBI) by Macadams International (PTY) Ltd worth UGX 450,913,900, the Director General together with the Pilot Plant Manager, visited Macadams International, a manufacturer of bakery machinery and equipment based in South Africa, where they identified an oil filtration solution, a crate washer, a utensil washer, and a universal depositing system. It was further noted that most of the Entity's existing equipment and machinery had been supplied by the same company. However, it

remained unclear how Macadams International was initially identified without consideration of or opportunity given to other manufacturers supplying similar equipment, given that Macadams International is not a sole manufacturer. This concern was further illustrated by the events of 17th April 2025, when the Director General instructed that the procurement of an automatic packaging machine be halted after identifying a better alternative in India a universal machine capable of packing a variety of products. This demonstrates that alternative suppliers existed in the market and therefore, the circumstances did not adequately justify the use of direct procurement.

Implication

This limits competition and may result in higher prices and poor value for money and may also reduce transparency and increase the risk of unfair supplier selection.

Management Response

The Auditors' Observation and recommendation is noted.

The request to source an alternative supplier for the Automatic packaging machine from India instead of Macadams Pty Ltd was a proposal from the end user department in compliance with their mandate to conduct market assessments with different suppliers to achieve cost savings and it was not a directive from the Director General.

Furthermore M/s. Macadams' Baking Systems (Pty) Limited has a consortium for supply and maintenance of bakery equipment, signed a Memorandum of Understanding (MOU) on 19th June, 2007 with PIBID/BIRDC. Based on the MOU, the provider was requested to submit a Proforma invoice that included the supply and delivery of the Automatic Flour packaging machine. Consequently, the original manufacturer of the required equipment was identified from India and PIBID/BIRDC invoked PPDA (Rules and Methods) Regulations 3(4), 18(3), 19(3) in SCHEDULE 2 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; to procure directly from the manufacturer in order to reduce the acquisition cost.

Authority's Comment

The Authority notes the Entity's response but maintains that alternative suppliers existed in the market as demonstrated by the identification of a manufacturer in India for similar equipment. This indicates that the conditions for the use of direct procurement were not sufficiently met which should have been considered through a competitive procurement process.

The reliance on a Memorandum of Understanding dated 19th June 2007 is not substantiated since only a cover page was provided. Given the age of the MOU, it is unclear whether it is still enforceable or relevant to current procurement needs. Additionally, over such a long period, it is highly likely that other suppliers of similar equipment have emerged in the market.

Recommendation

In line with the above, it is therefore recommended that, the Head, Procurement and Disposal Unit should only use direct procurement where it is fully justified and in line with the Section 91 (1) of the PPDA Act, Cap. 205 and that before selecting this method, proper market research is conducted to confirm that no reasonable alternatives exist.

2.1.4 Limited competition

Section 49 of the PPDA Act, cap.205 states that “*all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness*”. The audit revealed that the Entity conducted procurements in a manner that was limiting competition as follows;

a. Inadequate shortlist of four bidders.

Reg 53 (1) of PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 provides that a shortlist shall have at least six bidders, except for micro procurement which shall have three bidders”.

The Authority noted that during the procurement for the supply and delivery of bakery requirements for the pilot plant worth UGX 484,526,290, the Entity shortlisted only four firms without any documented justification for deviation from the prescribed minimum of six firms. This indicated non-compliance with the regulatory requirement.

Management response

The Auditor’s observation and recommendation is noted.

However, PIBID/BIRDC used the Restricted Domestic Bidding Method to solicit the bakery requirements obtained from the approved Prequalification list. Although, the Prequalification list had 6 firms, the Entity invited only 4 bidders that had a niche in supplying the required bakery requirements.

Going forward, the Entity shall fully comply to Regulation 53 (1) of PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 that provides that a shortlist shall have at least six bidders, except for micro procurement which shall have three bidders”.

b. Low bidder participation

Section 49 of the PPDA Act, Cap 205 states that “*all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money*”. The Authority noted a low bidder participation rate in three procurements worth UGX 828,787,253 as listed in the Table 4 below;

Table 4 showing procurements with low bidder participation

SN	Subject of Procurement	Number of bidders invited	Number of bids received
1.	Procurement of packaging materials for cookies, crisps, queen cakes, scones, and Biscuit wrappers for the pilot plant by Luuka Plastics Limited at UGX 158,295,248	6	1
2.	Supply and delivery of bakery requirements for the pilot plant. by Yield Agency Ltd at UGX 245,529,090 and Black raven Properties Ltd – UGX 238,997,200	4	2

3.	Procurement of 2 product delivery trucks(5-tonnes) for central and Eastern regions on an operating lease for one year PIBID/ NCONS/2024-2025/00224 UGX 185,965,715 M/S GRECCA Limited	7	2
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Implication

Low bidder participation limits competition and increases the risk of unfairness or favoritism in the procurement process.

Management Response

The Auditor's observation and recommendation is noted.

However, PIBID/BIRDC used the Restricted Domestic Bidding Method to solicit the bakery requirements obtained from the approved Prequalification list. Although, the Prequalification list had six firms, the Entity invited only four bidders that had a niche in supplying the required bakery requirements.

Going forward, the Entity shall fully comply to Regulation 53 (l) of PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 that provides that a shortlist shall have at least six bidders, except for micro procurement which shall have three bidders".

Recommendation

The Head, Procurement and Disposal Unit should always shortlist a minimum of six bidders and where there is no adequate number of bidders, the Entity may access the register of providers of the Authority for similar requirements in accordance to Regulation 53 (3) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.16 Delays at different stages in the procurement process

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

Section 51 of the PPDA Act, Cap. 205 provides that all procurement and disposals shall be conducted in a manner which promotes economy, efficiency and value for money. Contrary to this, the audit noted the following delays in procurement processes:

The audit revealed in the seven procurements worth UGX 4,387,925,086 delays were noted across various stages of the procurement processes as detailed in Table 5 below.

Table 5: Delays at different stages of the procurement process

No	Subject of Procurement	Delays noted	Management Response
1.	Supply of Heavy-duty truck (10 ton) to carry Raw Matooke by Modern Automobiles Ltd worth UGX 299,200,000 VAT Inclusive (PIBID/SUPLS/24-25/00235)	<p>Delayed submission to the Contracts committee by 186 working days</p> <p>The Form 5 was initiated on 5th November 2024 and the Accounting Officer confirmed availability of funds on 7th November 2024, the Procurement and Disposal Unit to the Contracts Committee to approve the procurement method, bidding document, advert and evaluation committee on 3rd January 2025 resulting in a delay of 186 working days.</p> <p>Delayed contract signing by 69 working days</p> <p>The evaluation report was approved by the Contracts Committee on 27th February 2025, the Solicitor General cleared the draft contract on 25th April 2025 and the contract was signed on 7th June 2025 citing a delay of 69 working days.</p>	<p><i>The Auditor’s observation is noted and regretted. The delay by PDU in submission to Contracts Committee for approval was partly due to the personnel constraints in the PDU plus documentation drafting requirements coupled with the public holidays in the month of December 2024 and early January 2025. Because of the nature of public holidays, the PDU lost almost two weeks.</i></p> <p><i>To note is that the PDE has recruited extra staff to support the unit in order to minimize delays at the different stages of the procurement process.</i></p> <p><i>The Auditor’s observation is noted and regretted. The delay in contract signing after Solicitor General Contract Clearance was due to lack of enough man power in PDU.</i></p> <p><i>Going forward, the entity has supported the PDU with a procurement administrator to hasten the communications and follow up with suppliers for quicker responses.</i></p>
2.	Construction of Community Collection Centre at Shuuku Town Council –	Delayed PDU submission to the Contracts committee for approval by 87 working days	<i>The Auditor’s observation is noted and regretted. The delay by PDU in submission to Contracts Committee for</i>

No	Subject of Procurement	Delays noted	Management Response
	<p>Sheema District by TAMSAK development Link (U) Ltd worth UGX 482,835,606 VAT Inclusive (PIBID/WRKS/23-24/00481)</p>	<p>Although the Form 5 was initiated on 30th November 2023 and the Accounting Officer confirmed the availability of funds on 4th December 2023, the PDU submitted a request to the Contracts Committee to approve the evaluation committee, bidding document and method of procurement on 15th April 2024, resulting in a delay of 87 working days.</p> <p>Delayed submission of the draft contract to the Solicitor General for clearance by 144 working days.</p> <p>The Contracts Committee approved the award and evaluation report on 21st June 2024. However, the Entity submitted the draft contract to the Solicitor General on 14th January 2025 and Solicitor General Clearance was subsequently granted on 21st March 2025 indicating a delay of 144 days.</p>	<p><i>approval was partly due to the personnel constraints in the PDU. However, the PDE has recruited extra staff to minimize delays in PDU at the different stages of the procurement process.</i></p> <p><i>The Auditor's observation is noted and regretted. The delays in submission to Solicitor General for Contract Clearance was partly due to the personnel constraints in the PDU at the time. However, the PDE has recruited extra staff to minimize delays in PDU at the different stages of the procurement process.</i></p>
3.	<p>Supply and delivery, installation and commissioning of Laboratory Equipment by Palin Corporation Limited worth UGX 344,027,840</p>	<p>Delayed PDU submission to the Contracts committee for approval by 31 working days</p> <p>Although, the confirmation of funds by the Accounting Officer was on 12th February</p>	<p><i>The Auditor's observation is noted and regretted. The delay in submission to Contracts Committee for approval is due to PDU internal procedural and documentation requirements. Also to note is that there was a</i></p>

No	Subject of Procurement	Delays noted	Management Response
	(PIBID/SUPLS/23-24/00205)	2024, The Procurement and Disposal Unit submitted the procurement to the Contracts Committee on 27 th March 2024 creating a delay of 31 working days.	<i>lot of time required to exchange communication with the international supplier via email/online and feedback took longer. However, the PDE has recruited extra two staff to minimize delays in PDU at the different stages of the procurement process.</i>
4.	Procurement of packaging materials for cookies, crisps, queen cakes, scones and biscuit wrappers for the pilot plant worth UGX 158,295,248 (PIBID/SUPLS/24-25/00448)	Delayed PDU submission to the Contracts committee for approval by 47 working days The Form 5 was approved by the Accounting Officer on 17 th December 2024. However, the Procurement and Disposal Unit submitted the procurement to the Contracts Committee for approval of the evaluation committee, solicitation document and procurement method on 24 th February 2025 creating a delay of 47 working days.	<i>The Auditor's observation is noted and regretted. The delay by PDU in submission to Contracts Committee for approval was partly due to the personnel constraints in the PDU. However, the PDE has recruited extra staff to minimize delays in PDU at the different stages of the procurement process.</i>
5.	Supply and delivery, installation and commissioning of the mixer, oven and bakeware for the pilot plant at TBI by Macadams International (PTY) Ltd worth UGX 450,913,900	Delayed PDU submission to the Contracts Committee for approval by 60 working days The form 5 was initiated on 14 th July 2023 and availability of funds were confirmed by the Accounting Officer on 24 th July 2023, the Procurement and Disposal Unit submitted the request to the Contracts Committee to approve the procurement	<i>The Auditor's observation is noted and regretted. The delay by PDU in submission to Contracts Committee for approval was partly due to the personnel constraints in the PDU. However, the PDE has recruited extra staff to minimize delays in PDU at the different stages of the procurement process.</i>

No	Subject of Procurement	Delays noted	Management Response
		<p>method, bidding document and evaluation committee on 16th October 2023, creating a delay of 60 working days</p> <p>Delay by displaying a Best evaluated bidder notice under direct procurement by 10 working days.</p> <p>The Best Evaluated Bidder Notice was displayed on 3rd May 2024 and removal date was on 16th May 2024 despite the procurement being conducted through direct procurement where display of a Best Evaluated Bidder notice was not required. This unnecessary step contributed to a delay of 10 working days</p>	<p><i>The Auditor's observation is noted and regretted. The display of the Best Evaluated Bidder Notice for a direct procurement was done in error and the entity shall ensure this does not reoccur.</i></p>
6.	<p>Supply and delivery, installation and commissioning of Universal depositing systems, oil filtration, crate and utensil washers and Automatic Packaging Machine for Pilot Plant, Bakery Unit by Macadams International (PTY) Ltd worth UGX 851,885,700</p>	<p>Delayed PDU submission to the Contracts committee for approval by 60 days</p> <p>The Form 5s were initiated on 14th July 2023 and funds were confirmed by the Accounting Officer on 24th July 2023. The Procurement and Disposal Unit submitted to the Contracts Committee on 16th October 2023 to approve the bidding document, procurement method and evaluation committee, creating a delay of 60 working days</p>	<p><i>The Auditor's observation is noted and regretted. The delay in submission to Contracts Committee for approval is due to PDU internal procedural and documentation requirements. Also, to note is that there was a lot of time required to exchange communication with the international supplier via email/online and feedback took longer. However, the PDE has recruited extra two staff to minimize delays in PDU at the different stages of the procurement process.</i></p>

No	Subject of Procurement	Delays noted	Management Response
		<p>Delay by displaying a Best evaluated bidder notice under direct procurement by 10 working days.</p> <p>The Best Evaluated Bidder Notice was displayed on 2nd May 2024 and removal date was on 16th May 2024 despite the procurement being conducted through direct procurement where display of a Best Evaluated Bidder notice was not required. This unnecessary step contributed to a delay of 10 working days</p> <p>Delays at post evaluation to contract signing by 213 days</p> <p>The evaluation of bids was concluded on 12th March 2024. The Contracts Committee subsequently approved the evaluation report and contract award on 2nd May 2024. However, there was a prolonged delay before seeking clearance from the Solicitor General which was only done on 16th October 2024. Clearance by Solicitor General was eventually granted on 14th November 2024, and the contract was finally signed on 16th January 2025 creating a delay of 213 days.</p>	
7.	Provision of Manpower processing	Delayed evaluation of bids by 58 working days	<i>The Auditor's observation is noted and regretted. The delay</i>

No	Subject of Procurement	Delays noted	Management Response
	services to the pilot plant at Nyaruzinga, Bushenyi District worth UGX 1,800,766,792	The bidders submitted their bids on 28 th February 2024 and it was until 11 th June 2024 that evaluation was concluded creating a delay of 58 days from the stipulated evaluation timelines of 10 working days from the date of bid opening.	<i>by PDU in submission to Contracts Committee for approval was partly due to the personnel constraints in the PDU. However, the PDE has recruited extra staff to minimize delays in PDU at the different stages of the procurement process.</i>

Implication

Delays in the procurement processes impede timely service delivery and affect the principle of efficiency as provided under Sections 51 of the PPDA Act, Cap 205.

Authority’s Response

The Entity’s management response has been noted. However, the Authority maintains that the recurring delays in submission to the Contracts Committee, bid evaluation, Solicitor General clearance and contract signing indicate weaknesses in procurement planning and internal process management within the Procurement and Disposal Unit. Although the delays were attributed to staffing constraints, internal procedures and communication challenges with suppliers, they affected timely implementation of procurements and undermined the principle of efficiency under Section 51 of the PPDA Act, Cap 205. In addition, unnecessary actions such as displaying Best Evaluated Bidder Notices under direct procurement further contributed to the delays.

Recommendation

- The Head, Procurement and Disposal Unit should always expedite submission to the Contracts Committee after the approval of form 5 by the Accounting Officer, submission of the draft contracts to the Solicitor General after NOBEB expiry and where funds are available provide the contracts for signature of both parties immediately after Solicitor General’s clearance so as to promote efficiency in accordance with Section 51 of the PPDA Act, Cap. 2025.
- The Head, Procurement and Disposal Unit should always prevail over the evaluation process to ensure that the evaluation of bids is concluded within the ten working days in accordance with Regulation 4(1) (a) of the PPDA (Evaluation) Regulations, 2023 and where it is not able to complete an evaluation exercise within the time specified, the Evaluation Committee shall, in writing, explain to the Accounting Officer the reasons for this and request for extension of the time period in accordance with Regulation 4(2) of the PPDA (Evaluation) Regulations, 2023.

2.17 **Unauthorized submission of multiple bids from a provider**

Regulation 46 (1) of the PPDA (Rules and Method for procurement of supplies, works and non-consultancy services) Regulation, 2023 requires a Procuring and Disposing Entity shall specify in the bidding documents whether an alternative bid shall be considered.

The audit revealed in the procurement of supply and delivery of bakery requirements for the pilot plant under the Restricted bidding method, the Best Evaluated Bidder (Black raven Properties Ltd) submitted two separate bids; one dated 22nd January 2024 and a second dated 19th February 2024 both quoting the identical price of UGX 238,997,200. There was no evidence that the submission of multiple bids was authorized or addressed in the bidding document.

Implication

This may cause confusion in evaluation and may lead to disputes in awarding the contract since the formal/original bid was unknown to the Entity.

Management response

The Auditor's observation is noted and regretted. The bidding document required bidders to submit 2 copies of the bid. However, the receiving officer did not check the dates on the submitted bids. Going forward, the receiving officers will ensure attention to details when managing issue and receipt of bids and other procurement related documents.

Authority's Comment

The Authority notes the Entity's explanation that provides clarification that the issue may not have been an intentional submission of multiple bids by the provider, but rather a weakness in document receipt and control procedures. Where bidders are required to submit multiple copies of a bid, the Entity should ensure that the copies are identical and properly marked as "**original**" and "**copy**" in accordance with the instructions in the bidding document.

Recommendation

The Head, Procurement and Disposal Unit should strengthen controls over the receipt and custody of bids by ensuring that receiving officers clearly verify and mark bid submissions as **original** and **copy** at the point of receipt, including confirming consistency in dates and contents in accordance with the Instruction to Bidders (ITB 26.1) in the bidding document.

2.18 **Procurement of higher-cost equipment despite availability of a cost-effective alternative**

Regulation 6 (3) (a & b) of the PPDA (Evaluation) Regulations, 2023 states that "*The evaluation shall determine as the best evaluated bid, the bid which is eligible and administratively compliant to the technical requirements of the procuring and disposing entity and also with the lowest evaluated price*" In the procurement for supply, delivery, installation, and commissioning of laboratory equipment by Palin valued at UGX 344,027,840, it was noted that the procurement covered assorted items including a forced air oven, forced air incubator, data logging thermometers, thermocouples, analytical balance, laboratory-grade fridge, electronic bottle top dispenser, fibre bags, recirculating chiller and a blender. All items complied with the required specifications except for the recirculating chiller, where a discrepancy was identified between the

specification compliance sheet and the submitted technical literature. The compliance sheet indicated a “Buchi Chiller,” whereas the brochure provided was for a “Labtech chiller.”

On 13th May 2024, Palin responded to the Entity’s request for clarification regarding the discrepancy in the Buchi Chiller in the compliance sheet and the Labtech chiller in the brochure and explained that the offered Labtech LW2100N chiller had superior cooling capacity, standard water supply and return connections compatible with all rotary evaporation systems, and fully met the technical requirements. Palin further indicated that supplying the originally specified Buchi F-314 chiller would cost UGX 51,473,356 resulting in an increase in the bid price by UGX 31,181,031 from the initially quoted UGX 312,846,809 to UGX 344,027,840.

Despite this clarification and the availability of a compliant and more cost-effective alternative, the Entity proceeded to procure the Buchi chiller, leading to an additional cost of UGX 31,181,031.

Implication

This creates unnecessary expenditure due to ignoring cost-effective alternatives.

Management response

The Auditor’s observation and recommendation is noted. PIBID/BIRDC being a research and development entity has unique evolving requirements that could better be satisfied by acquiring the Buchi Chiller (Switzerland Origin) because of the level of accuracy of the required equipment. To note is that the evaluation team with the end user argued and also confirmed that Buchi Chiller (Switzerland Origin) was better than Labtech Chiller (Italy Origin) in terms of functionality and performance despite the price difference. The BEB was still Palin.

Authority’s Comment

The Entity’s response has been noted. However, the Authority maintains that whereas the Entity justified the procurement of the Buchi Chiller on grounds of superior functionality and performance, there was insufficient documented evidence on file to demonstrate how the additional cost of UGX 31,181,031 represented value for money compared to the compliant and more cost-effective alternative offered.

Furthermore, it was observed in the attached documentation that the specification and compliance sheet included recirculating chillers specified as JULABO and BUCHI, which are brand names. This is in itself an anomaly as it restricts competition and undermines the principles of fairness and transparency in public procurement. Such specifications should be generic or performance-based unless properly justified.

Recommendation

The Head Procurement and Disposal Unit should ensure that evaluation committees fully consider cost-effective alternatives that meet the technical requirements in line with Regulation 6 (3) (a & b) of the PPDA (Evaluation) Regulations, 2023.

2.19 Inadequate lifecycle provisions in the procurement of pilot plant equipment

Regulation 48 (4) of the PPDA (Evaluation) Regulation, 2023 indicates that the financial comparison may include an assessment of the whole life-cycle cost of the equipment which is expected to be in use for a long time or where maintenance and operating costs are a significant proportion of the overall cost.

The Authority observed that in two procurements for the Pilot Plant, the bidding documents addressed only the core scope of supply, installation and commissioning, but omitted critical lifecycle considerations. Specifically, the documents did not include provisions for maintenance and servicing arrangements, repair support, availability of spare parts, warranty coverage and end-of-life management. It was therefore unclear how ongoing technical support, repairs and eventual disposal or replacement of the equipment would be managed over its lifecycle, creating potential operational risks.

The procurements were:

- a. Supply, delivery, installation and commissioning of a mixer oven and bakeware for the pilot plant bakery at Technology Business Incubator (TBI) in Nyaruzinga, Bushenyi by Macadams International (PTY) Ltd valued UGX 450,913,900.
- b. Supply, delivery, installation and commissioning of a universal depositing system, oil filtration system, crates and utensil washers and automatic packaging machines for Pilot Plant, Bakery Unit by Macadams International (PTY) Ltd valued at UGX 851,885,700.

Implication

This exposes the Entity to operational disruptions, premature equipment failure, spare parts unavailability, increased future costs and reduced value for money due to unsustainable equipment management.

Management response.

The Auditor's observation and recommendation is noted. However, the nature of equipment procured from international suppliers are very durable and used for a long time, rendering some life cycle costing difficult to apply. In the procurement stated, the entity required a warranty as stated in the bidding document.

Further to note is that the warranty provisions are clearly stipulated under GCC 29.3, which provides for replacement of parts by the supplier six (6) months for electrical components and twelve (12) months for mechanical components. In terms of maintenance, the in-house technical team has adequate capacity to service and maintain the equipment. Availability of spare parts is assured since they are sourced directly from the manufacturer. Additionally, the Organization is in the process of preparing a comprehensive spares contract to cover all equipment procured from the same manufacturer.

Authority's Comment

The Authority notes the Entity's explanation regarding durability of the equipment, existence of warranty provisions and reliance on in-house technical capacity. However, these measures do not fully address the requirement under Regulation 48 (4) of the PPDA (Evaluation) Regulations, 2023 to incorporate whole life-cycle costing and considerations at the procurement planning and bidding stage.

While warranty provisions under GCC 29.3 were included, these are limited in scope and duration and do not adequately cover broader lifecycle elements such as long-term maintenance arrangements, spare parts planning, servicing agreements and end-of-life management. These aspects should have been clearly defined in the bidding documents to support informed evaluation and sustainable asset management.

Reliance on post-procurement arrangements, such as a planned spares contract, does not substitute for the requirement to embed lifecycle considerations within the initial procurement process. The finding is therefore maintained.

Recommendation

The Head Procurement and Disposal Unit should ensure whole life cycle costs of equipment is provided for such specific criteria in the bidding document.

2.20 Discrepancy between the Special Conditions of the Contracts in the bidding document and the Special Conditions of the Contract in the contract.

The Authority noted inconsistencies between the Special Conditions of Contract provided in the bidding documents and those contained in four signed contracts valued at UGX 2,161,152,093. The variations related to key contractual provisions, including the delivery period, payment terms, performance obligations and completion period. However, there was no evidence to show that these changes were approved by the Contracts Committee or that negotiations were conducted and formally documented on the amended terms prior to contract signing, as required for transparency and accountability in contract management. The details are presented in Table 6 below

Table 6: Discrepancies in the Special Conditions of the Contract in the bidding document and those in the contracts

SN	Subject of procurement	SCC in the bidding document	SCC in the contract	Management response
1.	Supply of Heavy-duty truck (10 ton) to carry Raw Matooke by Modern Automobiles Ltd at UGX	Clause GCC 16.1 of the approved bidding documents provided for payment of 100% of the contract price upon delivery, with delivery to be completed within	GCC 16.1 was revised to provide for an advance payment of 30% and 70% payable after delivery, while Clause GCC 12	<i>The Auditor's observation is noted and regretted. However, the final payment made was 100% after</i>

	299,200,000	two (2) months.	extended the delivery period to three (3) months	<i>delivery. Going forward, the PDU shall ensure that the SCC in the contract match with those of the bidding document.</i>
2.	Construction of Community Collection Centre at Shuuku Town Council, Sheema District by Tamsak Development Link (U) Ltd at UGX 482,835,605	<ul style="list-style-type: none"> • Provision for retaining 5% • 3% performance security and 2% E&S performance security • Liquidated damages of 5% of the contract value 	<ul style="list-style-type: none"> • Retainer of 5% was omitted • 3% performance security and 2% of E& S performance security was omitted • Liquidated damages of 10% of the contract value 	The Auditor's observation is noted and regretted. Moving forward, The PDU shall ensure uniformity of the Special Conditions of the Contract in signed contracts with those in bidding documents.
3	Procurement of packaging materials for cookies, crisps, queen cakes, scones, and Biscuit wrappers for the pilot plant for quarter 3.by Luuka Plastics Limited at UGX 158,295,248	-GCC(SCC) 29.3 Warranty period of 12months	GCC(SCC) 29.3 states warranty of 24months	The Auditor's observation is noted and regretted. Moving forward, The PDU shall ensure uniformity of the Special Conditions of the Contract in signed contracts with those in bidding documents.
4	Procurement of 2 product delivery trucks(5-tonnes) for central and Eastern regions on an operating lease for one year by GRECCA Limited at UGX	GCC(SCC) 20.1 completion period from the contract as provided for in the bidding document stating 2yrs(24months) The contract agreement states 5yrs contrary to GCC(SCC) 20.1	GCC(SCC) 20.1 was excluded.	The Auditor's observation is noted and regretted. Moving forward, The PDU shall ensure uniformity of the Special Conditions of the Contract in signed

	185,965,715	completion period in the bidding document which states 2yrs (24months)		<i>contracts with those in bidding documents.</i>
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Implications

This implies weak internal controls and creates unfairness to potential bidders who could have been discouraged to participate due to stringent terms in the Special Conditions of the Contract.

Authority’s Comment

The Entity’s responses have been noted. However, the Authority maintains that any changes to the Special Conditions of the Contract after issuance of the bidding document should have been formally approved by the Contracts Committee and adequately documented, including evidence of negotiations where applicable. Failure to maintain consistency between the bidding documents and the signed contracts undermines transparency, weakens internal controls and may create unfairness to potential bidders who based their bids on the original contract conditions.

Recommendation

The Head, Procurement and Disposal Unit should have uniformity of the Special Conditions of the Contract in signed contracts with those in bidding documents and where there are changes, approval should be sought from the Contracts Committee in accordance with Section 31 (1) (a) (v) of the PPDA Act, Cap 205.

2.21 Inadequate needs assessment by the User Department

In the procurement for the supply and delivery of laboratory equipment by Emperors Hill Life Investment Ltd valued at UGX 1,034,855,525, it was noted that the provider, Emperor Hills Life Limited, had initially quoted UGX 992,355,525, which was above the approved estimate of UGX 836,953,704. A Form 5 for additional funding amounting to UGX 155,401,821 was subsequently approved, and funds were confirmed by the Accounting Officer on 26th June 2023. However, no market re-assessment report was availed to substantiate and justify the need for the additional funding.

Furthermore, an additional UGX 42,500,000 was later approved by the Accounting Officer on 6th October 2023 to cater for installation, training and commissioning services that had not been included at the time of contract signing. This brought the total contract price to UGX 1,024,855,525, reflecting an overall increment of UGX 197,901,821 from the original estimate. This indicates weaknesses in procurement planning and inadequate needs assessment at the initial stage of the procurement process.

The audit also noted that the User Department did not adequately conduct a needs assessment and lacked a clear understanding of the operational requirements of the equipment being procured. This was further confirmed by the supplier during installation, who observed that the machines had been installed without voltage stabilizers and were frequently exposed to unstable power supply, posing a risk of damage to the equipment. In addition, the laboratory windows were not shielded from direct sunlight, there was no internal air supply, which may adversely

affect the performance of certain machines, and there were limited trained personnel available to operate the equipment.

Implication

This may lead to poor functionality, frequent breakdowns and underutilization of the equipment resulting in failure to achieve the intended purpose and value for money.

Management response

The Auditor’s observation is noted and regretted.

The omission of the installation, training, and commissioning services was an oversight on the user department during initiation which is regrettable.

However, a thorough needs assessment was carried out and the equipment that required power stabilization was to be connected to the available power stabilizer at the lab which was done. This is evidenced by the fact that the equipment is connected to a power stabilizer and the entity did not incur any extra cost. Going forward, the end user department has been reminded to always undertake a full and comprehensive needs assessment.

Authority’s Comment

The Authority notes the Entity’s explanation however it remains evident that the needs assessment was not comprehensively conducted given the omitted costs (installation, training, commissioning) and subsequent budget increases without a supporting market re-assessment. While power stabilization was addressed, broader operational readiness issues were not adequately resolved.

Recommendation

The Accounting Officer should strengthen the procurement planning process by conducting regular trainings of the User Departments on conducting comprehensive needs assessments that capture all technical, operational and environmental requirements and also market analysis to enhance their capacity to effectively plan and prepare procurements.

2.22 Contract signing after bid validity expiry

Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023 states that “A procuring and disposing entity shall not issue a contract, purchase order, or other communication in any form, conveying acceptance of a bid that binds a procuring and disposing entity to a contract with a provider, except where the bid is valid or the bidder is willing to extend the bid validity on terms similar to the terms stated in their bid; However, the Authority identified that bid validities in two procurements had expired without renewal before contract signing, creating a risk of inability to seek redress for contract non-performance in the procurements listed in the table 7 below:

Table 7: Contracts signed after bid validity expiry

SN	Subject of procurement	Observation	Management response
1.	Supply and delivery, and installation	The contract was signed on 16 th January 2025	<i>The Auditor’s observation is noted.</i>

	<p>commissioning of the mixer, oven and bakeware for the pilot plant at TBI valued at Euro 77,136.</p>	<p>after the expiry of the bid validity period on 30th May 2024</p>	<p><i>However, the original contract was signed on the 16th January 2025 at a total value of Euro 109,978.78 and the bid validity was extended by the supplier by issuing a Bid extension letter in relation to the proforma invoice with validity up to 25th March, 2025.</i></p> <p>Management Response</p> <p>The Authority notes Entity's response but finds it unsatisfactory. The bid validity expired on 30th May 2024, while the contract was signed on 16th January 2025. The supplier's letter dated 4th January 2025 was issued after expiry of the bid and only confirmed price validity up to 25th March 2025, rather than formally extending the bid before its expiry.</p> <p>A bid should remain valid, it should be extended before expiry or else the procurement is restarted. Accepting a post-expiry confirmation undermines the integrity and legality of the process.</p>
2.	<p>Provision of Manpower processing services to the pilot plant at Nyaruzinga, Bushenyi District valued at</p>	<p>The contract was signed on 21st December 2024 after expiry of bid validity and</p>	<p><i>The Auditor's observation is noted and regretted. Moving forward, the PDU shall</i></p>

	UGX 1,800,766,792.	bid securing declaration period on 4 th April 2024 and 15 th May 2024 respectively.	<i>ensure full compliance to the provision of the Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023.</i>
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Implication

Signing a contract after expiry of bid validity renders the contract invalid and unenforceable.

Recommendation

The Head Procurement and Disposal Unit should strengthen controls to monitor bid validity timelines and prevent retrospective or invalid extensions through developing a robust document management system to track issuance and expiry dates for timely renewals of bid validities in accordance with Regulation 6 (1) (c) of the PPDA (Contracts) Regulations, 2023

2.2 Level of compliance with the PPDA Act, Cap 205 and Regulations, 2023 in the conduct of procurement and disposal activities

2.2.1 Non-disposal of obsolete items

Section 34 (4) of the Public Finance Management Act, 2015 requires the Accountant General to appoint a Board of Survey for each Government Department and Agency to conduct an annual survey of stores, books of accounts, cash and bank balances. The purpose of this exercise includes identification and recommendation for disposal of obsolete, unserviceable, or surplus items. However, a review of activities for FY 2024/25 revealed that there was no Board of Survey conducted and no evidence that disposal of obsolete items was carried out during the year. As a result, items identified as obsolete or unserviceable remained in stores without action being taken to dispose of them.

Implication

Delayed disposal leads to further appreciation of the assets and hence less value for money.

Management Response

The Auditor’s observation is noted. The process for disposal of assets has commenced and the different end user departments have been requested to identify assets for disposal. The entity intends to have a fully approved disposal plan for the FY 2026/2027 after getting an approved Board of Survey report.

Recommendation

The Accounting Officer should ensure that all obsolete items identified by the Board of Survey are promptly disposed of in a timely manner to avoid further loss of value in accordance with Regulation 2 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3 Level of efficiency and effectiveness in contract implementation

2.3.1 Slow progress in project implementation

During the physical verification of the Construction of the Community Collection Centre at Shuuku Town Council, Sheema District conducted on 13th February 2026, it was observed that the contractor, Tamsak Development Link (U) Ltd, was not on site and no construction activities were ongoing. The site appeared to have been abandoned for several months. Physical progress was estimated at approximately 30%, contrary to the latest progress report which indicated 80% completion. The contract had been signed on 26th March 2025 with an initial completion period of six months, implying an expected completion date of 26th September 2025. Although the contract period was subsequently extended to 25th March 2026, the works remained incomplete at the time of inspection. Furthermore, there was no evidence that liquidated damages as provided under GCC 28 (0.05% per week, subject to a maximum of 5% of the contract value) had been enforced for the delays beyond the extended completion date. This reflects weak contract management and exposes the Entity to the risk of project abandonment and delayed realization of the intended project benefits

Implication

The contractor abandoning the site and the lack of enforcement of liquidated damages risk project delays, increased costs, and failure to deliver the expected facility on time.

Management response

The Auditor's observation is noted. However, as per the S.C.C under GCC 1(gg), the starting date was 14 days from the date of hand over of the site to the contractor and up on issuance of instructions to commence. To note is that the contractor was issued a commencement notice with instructions to commence on 25th June 2025. Furthermore, the contractor had not abandoned the site, he was carrying out fabrication works off site since there was no electricity at the construction site. Currently, construction works are 80% complete.

Authority's Comment

The Authority notes Management's response. However, the explanation does not fully address the observed delays in project execution. The contract was signed on 26th March 2025, yet site handover only took place on 11th June 2025, indicating a significant delay before commencement conditions were met. This delay is not sufficiently explained or justified and reflects weaknesses in contract implementation planning and site readiness.

Furthermore, although the contract period was extended to 25th March 2026, progress remains at 80% completion, which raises concerns regarding the contractor's ability to complete the works within the revised timeframe and the overall effectiveness of project management and supervision. While off-site fabrication is noted, it does not fully justify the delayed on-site commencement and slow progress relative to elapsed time.

Recommendation

The Accounting Officer should enforce strict compliance with the contract terms by ensuring that project implementation adheres to the revised contractual timelines. In addition, the Entity should apply contractual remedies where delays have occurred, including liquidated damages in accordance with GCC 28 of the Special Conditions of the Contract, where applicable.

2.3.2 Delayed deliveries

Section 51 of the PPDA Act, Cap. 205 provides that, “all procurements should be conducted in a manner which promotes economy, efficiency and value for money. Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023 states that “a Contract Manager shall ascertain that a provider meets all performance or delivery obligations in accordance with the terms and conditions of the contract”. In five procurements worth UGX 2,839,978,213, the audit noted delays in delivery and some were made after expiry of the contract period. Furthermore, there was neither evidence of extension of the delivery period nor evidence that liquidated damages were applied as stipulated in the contracts. This can be illustrated in the Table 8 below;

Table 8: Procurements with delayed deliveries

SN	Subject of procurement	Finding	Management responses
1.	Supply and delivery, installation and commissioning of Laboratory Equipment by Palin Corporation Limited worth UGX 344,027,840	Delayed delivery by 125 working days Clause GCC 12 of the contracts stipulates that delivery shall be completed within three months from the date of contract signing of 5 th August 2024. It was noted that delivery occurred on 6 th May 2025 exceeding the contractual period, yet there was no evidence of a contract extension to authorize this delay. The Goods Received Note (GRN 3159) confirms that the items were received on 7 th May 2025. .	<i>The Auditor's observation is noted and regretted. Going forward, the PDU in liaison with the contract manager shall monitor and track contract performance to minimize delayed deliveries in order to comply with the Section 51 of the PPDA Act, Cap. 205.</i>

SN	Subject of procurement	Finding	Management responses
2.	Supply and delivery, installation and commissioning of Universal depositing systems, oil filtration, crate and utensil washers and Automatic Packaging Machine for Pilot Plant – Bakery Unit by Macadams International (PTY) Ltd worth UGX 851,885,700	<p>Delayed delivery by 79 working days</p> <p>The contract was signed on 16th January 2025 and provided for delivery within seven (7) months from the date of signing. However, the draft bill of lading indicates that the vessel was expected to depart Cape Town on 6th December 2025, way beyond the contractual delivery period, confirming that delivery was not effected within the agreed timeframe.</p>	<p><i>The Auditor's observation is noted and regretted. To note is that, only 30% of the contractual price was paid as advance against the valid Advance Payment Guarantee. The overall delay in executing this contract was due to late submission of the Advance payment Guarantee from the supplier which was submitted on 12th May 2025. To note as well is that under the special conditions of the contract, the effective date of contract delivery is from the date of receipt of the 30% Advance payment in the Supplier's account which was made in July 2025. Furthermore, is that the delivery of the items is complete and the cargo is undergoing customs clearance at Kenfreight ICD-Kampala-Uganda.</i></p>
3.	Supply and delivery of a laboratory equipment by Emperors Hill life investment Ltd UGX 1,034,855,525.52	<p>Delayed delivery by 169 working days.</p> <p>The Contract was signed on 22nd August 2023 and delivery was expected within six months from the contract signature date. However,</p>	<p><i>The Auditor's observation is noted and regretted. Going forward, the PDU in liaison with the contract manager shall monitor and track contract</i></p>

SN	Subject of procurement	Finding	Management responses
		<p>delivery was made on 26th October 2024 as per delivery note and Good received Note No. 10112 dated 4th November 2024.</p>	<p><i>performance to minimize delayed deliveries so that to comply with the Section 51 of the PPDA Act, Cap. 205.</i></p>
4.	<p>Supply and delivery, installation and commissioning of the mixer, oven and bakeware for the pilot plant at TBI by Macadams worth UGX 450,913,900</p>	<p>Delayed delivery by 241 working days</p> <p>The contract provided for a delivery period of two months from the contract date of 16th January 2025. However, as at the Accounting Officer debrief date of 6th March 2026, the items had not been delivered. There was no evidence of an approved change order, contract extension, or application of liquidated damages to address the delayed delivery.</p>	<p><i>The Auditor's observation is noted. To note is that, only 30% of the contractual price was paid as advance against the valid Advance Payment Guarantee. The overall delay in executing this contract was due to late submission of the Advance payment Guarantee by the supplier which was affected on 12th May 2025. To note is that under the special conditions of the contract, the effective date of contract delivery is from the date of receipt of the 30% Advance Payment in the Supplier's account which was made in July 2025. Furthermore, the delivery of the items is complete and the cargo is undergoing customs clearance at Kenfreight ICD-Kampala-Uganda</i></p>

SN	Subject of procurement	Finding	Management responses						
5.	Procurement of packaging materials for cookies, crisps, queen cakes, scones, and biscuit wrappers for the pilot plant revealed delays and incomplete delivery of supplies by Luuka Plastics Ltd worth UGX 158,295,248	<p>Delayed deliveries by 89 working days</p> <p>The contract was signed on 2nd April 2025 and the contract required that all supplies be delivered within one month from the date of contract signing. Contrary to this requirement, the deliveries were made in several intervals over a period of approximately five months, with the last deliveries recorded on 8th September 2025. No evidence to ascertain that the delivery period was formally extended to accommodate the delayed deliveries</p> <p>Incomplete delivery</p> <p>There was partial delivery of supplies under the contract. The invoices and delivery notes on file amounted to UGX 151,303,013 against the total contract price of UGX 158,295,248.05, leaving an undelivered balance of items worth UGX 6,992,235.05. Details of the Goods Received Notes (GRNs) and their respective dates are summarized in the table below:</p> <table border="1" data-bbox="719 1725 1114 1884"> <thead> <tr> <th data-bbox="727 1737 807 1828">SN</th> <th data-bbox="815 1737 919 1828">GRN No.</th> <th data-bbox="927 1737 1106 1828">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="727 1828 807 1884">1.</td> <td data-bbox="815 1828 919 1884">3125</td> <td data-bbox="927 1828 1106 1884">03/05/2025</td> </tr> </tbody> </table>	SN	GRN No.	Date	1.	3125	03/05/2025	<p><i>The Auditor's observation is noted and regretted. The PDU in liaison with the contract manager shall monitor and track contract performance to minimize delayed deliveries so that to comply with the Section 51 of the PPDA Act, Cap. 205.</i></p> <p><i>The Auditor's observation is noted and regretted. To note is that the total amount paid was against what was actually delivered as per the attached payment voucher. Going forward, the contract managers have been advised to ensure proper contract management and monitoring.</i></p>
SN	GRN No.	Date							
1.	3125	03/05/2025							

SN	Subject of procurement	Finding			Management responses
		2.	3130	06/05/2025	
		3.	3150	13/05/2025	
		4.	3431	04/07/2025	
		5.	3473	04/08/2025	
		6.	3479	07/08/2025	
		7.	3585	08/09/2025	
		8.	3586	08/09/2025	

Implication

Delayed delivery leads to delayed service delivery to the intended beneficiaries.

Authority's response

The Entity's Management response has been noted. However, the Authority maintains that the repeated delays in delivery of supplies and equipment, absence of formal contract extensions or approved change orders and failure to enforce contractual remedies such as liquidated damages indicate weaknesses in contract management and monitoring. Whereas the Entity attributed some delays to late submission of advance payment guarantees and international shipping processes, there was insufficient evidence on file to demonstrate timely administrative action to regularize the delays or safeguard the interests of the Entity. In addition, the incomplete delivery of supplies under the procurement of packaging materials further reflects inadequate follow-up on supplier performance.

Recommendations

- The Contract Managers should effectively supervise contracts and ensure timely execution of contracts in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023. Where need arises, change orders should be prepared by the Contract Manager and issued by the Accounting Officer before the expiry of the contract completion period in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2023; and
- The Accounting Officer should task the Contract Managers to effectively supervise their respective contracts to ensure timely delivery of items in accordance with Regulation 52 (1)(b) of the PPDA (Contracts) Regulations, 2023.

2.2.3 Retrospective delivery

The audit revealed that in the procurement of packaging materials for cookies, crisps, queen cakes, scones, and biscuit wrappers for the pilot plant, the contract was signed on 2nd April 2025. However, a review of the records showed that Goods Received Note Numbers 3064 and 3065

were dated 31st March 2025, which is prior to the contract signing date. This indicates that the goods were received before the contract was formally signed.

Implication

Receiving goods before the contract was signed can cause payment problems and may make it difficult to enforce the contract.

Management response

The Auditors’ observation is noted regretted.

The packaging materials were required urgently since PIBID/BIRDC is a manufacturing facility and therefore treated as an emergency. To note as well is that the provider is a key manufacturer with already cylinders for the supplies in question and therefore was requested to supply a minimum quantity of UGX 11M pending signature of the contract with UGX 158M. This was done to avoid production disruptions and the associated losses. Going forward the entity is going to sign framework contracts with the suppliers

Authority’s Comment

The Authority acknowledges the Entity’s Management’s response. However, even in cases of urgency, procurement procedures require that appropriate emergency or direct procurement procedures be formally applied and approved before any supply is made. The practice of receiving goods prior to contract signature constitutes retrospective contracting which exposes the Entity to legal and financial risks, weakens contract enforceability and undermines procurement accountability. The intention to introduce framework contracts going forward is noted but does not address the compliance gap in the transaction under review. The finding is therefore maintained.

Recommendation

The Accounting Officer should ensure that goods are only received and recorded after the contract has been formally signed.

2.3.4 Issuing an addendum after expiry of the contract

SN	Subject of procurement	Finding	Management response
1.	Supply and delivery, installation and commissioning of the mixer, oven and bakeware for the pilot plant at TBI.	The original contract was signed on 16 th January 2025 with a duration of two months from the date of signing. However, the Contracts Committee approved an addendum on 15 th October 2025, and the addendum was signed on 20 th October 2025, long after the contract had already expired. There was no evidence of an approved	<i>To note is that under the special conditions of the contract, the effective date of contract delivery was from the date of receipt of the 30% Advance Payment in the Supplier’s account which was made in July 2025.</i>

		contract extension granted within the original contract period	<p><i>Additionally, the change of Incoterms from DDP to CIP Kampala was a cost-saving measure recommended by the supplier (Macadams International Limited) and approved by PIBID/BIRDC.</i></p> <p><i>Going forward, PDU in liaison with contract managers shall ensure that issuing of contract addenda shall be before expiry of contract.</i></p>
2.	Supply and delivery, installation and commissioning of Universal depositing systems, oil filtration, crate and utensil washers and Automatic Packaging Machine for Pilot Plant, Bakery Unit.	The initial Contract was signed on 16 th January 2025 and the duration was seven months after contract signing. However, the addendum was made on 20 th October 2025 which was after the contract expiry and there is no evidence of contract extension	<p><i>To note is that under the special conditions of the contract, the effective date of contract delivery was from the date of receipt of the 30% Advance Payment in the Supplier's account which was made in July 2025.</i></p> <p><i>Additionally, the change of Incoterms from DDP to CIP Kampala was a cost-saving measure recommended by the supplier (Macadams International Limited) and approved by PIBID/BIRDC.</i></p> <p><i>Going forward, PDU in liaison with contract managers shall ensure that issuing of contract addenda shall be before expiry of contract.</i></p>

Implication

This exposes the Entity to legal and financial risks arising from variations made outside a valid contract period and constitutes non-compliance with established procurement and contract management procedures.

Authority's response

The Authority notes Management's response. However, the response does not address the core issue raised. The audit finding relates to the approval and signing of a contract addendum after the original contract had already expired, without evidence of a prior approved extension within the contract period. The justification provided does not explain or regularize this lapse in contract management. The finding is therefore maintained.

Recommendation

The Accounting Officer should ensure that any contract extensions or addenda are approved and executed within the validity period of the contract in accordance with Regulation 55 of the PPDA (Contract) Regulations, 2023.

2.3.5 Risk of poor quality due to sorting of bananas at collection centers

The Authority observed that the Entity is constructing collection centers for farmer cooperatives with plans to provide other services such as training on banana growing best practices, drying of the banana chips and storage. However, the Entity employs community women at the factory for peeling of the matooke, sorted and machine sliced into banana chips which is a critical step determining the final product taste and quality. The initial sorting of high-quality matooke from substandard ones will now be entirely delegated to the cooperatives without the Entity's oversight or standardized protocols. This delegation introduces high risks to product quality and inconsistency as poor sorting at the collection centres could compromise the downstream processes.

Implication

This may lead to poor quality matooke being supplied to the factory resulting in inconsistent quality of banana chips. It may also cause increased wastage, reduced market acceptance of the final product and loss of revenue to the Entity.

Management Response

The Auditor's observation is noted and regretted.

However, PIBID/BIRDC is going to use Quality Inspectors who will be employed by PIBID and will be using established Quality Assurance Protocols to ensure compliance to quality standards as specified in the quality Inspection sheet.

Refresher trainings will be carried out to ensure uniform understanding of expected quality indicators

A system of non-conformance feedback will be instituted to give cooperatives that fail on quality parameters ways of getting root causes so that there are no repeated non-compliances

Authority's comment

The Authority acknowledges the Entity's Management proposed measures, including the use of Quality Inspectors, establishment of quality assurance protocols, refresher trainings and a non-conformance feedback system.

Recommendation

The Accounting Officer should implement and operationalize the proposed quality assurance framework including deployment of Quality Inspectors at collection centres and also Continuous training and supervision of cooperatives is conducted to ensure adherence to quality standards

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This Section presents the scores per area assessed under different audit risk computation Overall Performance Audit Conclusion

The performance of the Presidential Initiative on Banana Industrial Development for the performance audit of FY 2024/2025 was **moderately satisfactory** with an overall weighted average risk rating of **56.5%**. The risk rating is as follows:

Table 7: Risk Rating

Risk Rating (%)	Description of Performance
0 –30	Satisfactory
31 – 70	Moderately satisfactory
71 – 100	Unsatisfactory

3.1 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 below:

3.2 Risk Computation

Table 8: Risk Computation

Risk category	No.	No. %	Value (UGX)	Value %	Weights	Total weighted Average	
						By No.	By Value
High	5	35.7	2,368,660,246	36.3	0.6	21.42	21.78
Medium	4	28.6	3,293,117,565	50.4	0.3	8.58	15.12
Low	1	7.1	151,755,042	2.3	0.1	0.71	0.23
Satisfactory	4	28.6	719,032,485	11	0	0	0
TOTAL	14	100	6,532,565,338	100	1	30.71	37.13

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{30.71}{60} \times 100 = 51.1\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{37.13}{60} \times 100 = 61.8\%$$

$$\text{The average weighted risk rating} = \frac{51.1+61.8}{2} = 56.5\%$$

3.3 Chart Representation of Risk Rating

Figure 1: Chart Representation of Risk Rating by Number

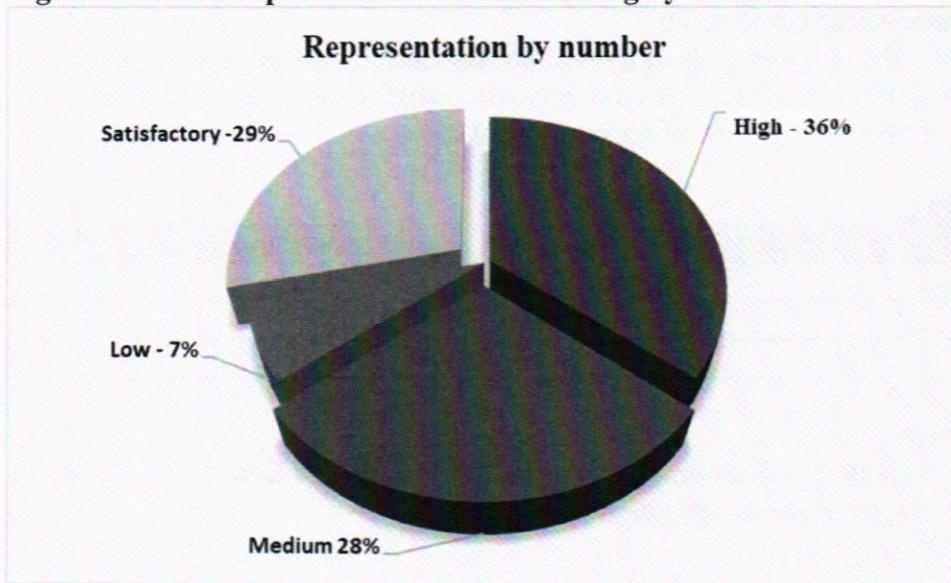
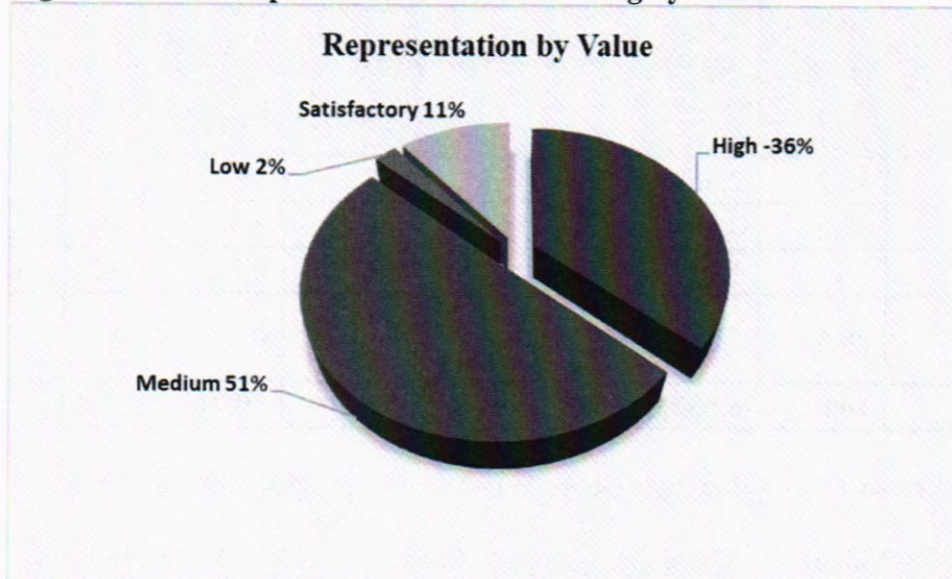


Figure 2: Chart Representation of Risk Rating by Value



3.4 Recommended Action Plan

PIBID implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 9: Action plan

Origin	Recommended Action	Time frame for implementation
Accounting Officer	<p>The Accounting Officer Should:</p> <ul style="list-style-type: none"> • Ensure that the procurement plan is fully implemented in accordance with Section 60 of the PPDA Act, Cap 205. Where there is need, a review and update of the procurement plan should be conducted on a quarterly basis and in any other case, wherever necessary to ensure improved performance in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205. • Strengthen the procurement planning process by ensuring regular trainings of the User Departments on conducting comprehensive needs assessments that capture all technical, operational and environmental requirements and in addition, conduct market analysis to enhance their capacity to effectively plan and prepare procurements. • Enforce strict compliance with the contract terms by ensuring that project implementation adheres to the contractual timelines. In addition, the Entity should apply contractual remedies where delays have occurred, including liquidated damages in accordance with GCC 28 of the Special Conditions of the Contract, where applicable. • Task the Contract Managers to effectively supervise their respective contracts and ensure timely delivery of items in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. • Implement and operationalize the proposed 	<p>Immediate</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p>

Origin	Recommended Action	Time frame for implementation
	<p>quality assurance framework including deployment of Quality Inspectors at collection centres and also Continuous training and supervision of cooperatives is conducted to ensure adherence to quality standards</p>	Continuous
<p>The Procurement and Disposal Unit staff</p>	<p>The Head, Procurement and Disposal Unit should;</p> <ul style="list-style-type: none"> • Ensure that direct procurement is only used where it is fully justified and in line with the Section 91 (1) of the PPDA Act, Cap 205 and that before selecting this method, proper market research should be conducted to confirm that no reasonable alternatives exist. • Ensure a shortlist consists of a minimum of six bidders and where there is no adequate number of bidders prequalified at the Entity, then providers on the Register of Providers of the Authority providing similar requirements should be shortlisted in accordance with Regulation 53 (3) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. • Always expedite submission to the Contracts Committee after the approval of form 5 by the Accounting Officer • Always prevail over the evaluation process to ensure that the evaluation of bids is concluded within the ten working days for the procurement of supplies or non-consultancy services in accordance with Regulation 4(1) (a) of the PPDA (Evaluation) Regulations, 2023 and where it is not able to complete an evaluation exercise within the time specified, the Evaluation Committee shall, in writing, explain to the Accounting Officer the reasons for this and request for extension of the time period in accordance with Regulation 4(2) of the PPDA (Evaluation) Regulations, 2023 	<p>Immediate</p> <p>Continuous</p> <p>Immediate</p> <p>Continuous</p>

Origin	Recommended Action	Time frame for implementation
	<ul style="list-style-type: none"> • follow through the evaluation committees to fully consider cost-effective alternatives that meet the technical requirements in line with Regulation 6(3) (a & b) of the PPDA (Evaluation) Regulations, 2023 • provide for whole life cycle costs of equipment is provided for such specific criteria in the bidding document. • ensure uniformity of the Special Conditions of the Contract in signed contracts with those in bidding documents and where there are changes, approval should be sought from the Contracts Committee in accordance with Section 31 (1) (a) (v) of the PPDA Act, 2005. • strengthen controls to monitor bid validity timelines and prevent retrospective or invalid extensions through developing a robust document management system to track issuance and expiry dates for timely renewals of bid validities • always guide the evaluation committee on assessing whether the arithmetic error constitutes a material deviation in accordance with the Regulation 7 (4) of the PPDA (Evaluation) Regulation, 2023 	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p>
Contract Managers	The Contract Managers should effectively supervise contracts and ensure timely execution of contracts in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023. Where need arises, change orders should be prepared by the Contract Manager and issued by the Accounting Officer before the expiry of the contract completion period in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2023;	Continuous

**APPENDIX A: CASE BY CASE ANALYSIS
HIGH RISK PROCUREMENTS**

S/N	Procurement details	Reasons for High risk
1	supply, delivery, installation and commissioning of the mixer, oven and bakeware for the pilot plant at TBI by Macadams International (PTY) Ltd worth UGX 450,913,900	<ul style="list-style-type: none"> • It was noted that the Director General, together with the Pilot Plant Manager, visited Macadams International, a manufacturer of bakery machinery and equipment based in South Africa, where they identified an oil filtration solution, crate washer and utensil washer and a universal depositing system. It was also noted that most of the existing equipment and machinery had been supplied by the same company. However, it is unclear how Macadams International was initially identified without considering or giving opportunity to other manufacturers that supply similar equipment, given that Macadams International is not a sole manufacturer. This can be explained better when on 17th April 2025, the Director General instructed that a procurement for automatic packaging machine should be halted as a better alternative was identified in India- a universal machine capable of packing variety of products. This therefore does not adequately justify the use of direct procurement. • The Procurement and Disposal Unit delayed submitting the procurement to the Contracts Committee for approval. Although the Form 5s were initiated on 14th July 2023 and funds were confirmed by the Accounting Officer on 24th July 2023, the procurement was only submitted on 16th October 2023, representing a delay of approximately three months • Contract was signed after expiry of bid validity of 30th May 2024 as the Contract was signed on 16th January 2025. There is no evidence of extension • it was noted that while the bidding document covered the core scope of supply and commissioning, it was silent on critical lifecycle aspects. Specifically, there were no provisions for maintenance and servicing arrangements, repair support, availability of spare parts, warranty coverage, or end-of-life management of the

S/N	Procurement details	Reasons for High risk
		<p>equipment, despite the items being procured directly from the manufacturer.</p> <ul style="list-style-type: none"> • Unnecessary delays as the BEB displayed on 3rd May 2024 and date of removal of 16th May 2024. This was direct procurement • Notable delays as evaluation of the bid was concluded on 12th March 2024 and contract signed on 16th January 2025 • The initial Contract was signed on 16th January 2025 and the duration was 2 months after contract signing. However, CC approved the addendum on 15th October 2025 and the addendum was made on 20th October 2025 which was after the contract expiry and there is no evidence of contract extension. • Delayed delivery as per contract. The contract period was for two months, contract was signed on 16th January 2025 but by 15th December 2025, the items were not delivered. There is no evidence of a change order or application of liquidated damages
2	<p>Construction of Community Collection Centre at Shuuku Town Council – Sheema District by TAMSAK development Link (U) Ltd worth UGX 482,835,606 VAT Inclusive (PIBID/WRKS/23-24/00481)</p>	<ul style="list-style-type: none"> • Delayed PDU submission to the Contracts committee for approval by 87 working days. Although the Form 5 was initiated on 30th November 2023 and the Accounting Officer confirmed the availability of funds on 4th December 2023. The PDU submitted a request to the contracts committee to approve the evaluation committee, bidding document and method of procurement on 15th April 2024, resulting in a delay of 87 days • Delayed submission of the draft contract to the Solicitor General for clearance by 144 working days. The Contracts Committee approved the award and evaluation report on 21st June 2024. However, the Entity submitted the draft contract to the Solicitor General on 14th January 2025 and Solicitor General Clearance was subsequently granted on 21st March 2025. indicating a delay of 144 days • Tamsak Development Link (U) Ltd quoted UGX 398,245,900. However, arithmetic errors amounting to UGX 84,589,705 were identified, resulting in a

S/N	Procurement details	Reasons for High risk
		<p>corrected bid price of UGX 482,835,605. Although there was evidence in the form of an email, it was unclear what specific corrections were made to arrive at the revised amount. Furthermore, there was no formal letter from the bidder confirming or accepting the correction of the arithmetic errors. This constituted a material deviation.</p> <ul style="list-style-type: none"> • Discrepancies were noted between the approved bidding document and the signed contract, including omission of the 5% retainer, exclusion of the 3% performance security and 2% E&S performance security, and an increase in maximum liquidated damages from 5% to 10% of the contract value, indicating that the contract deviated from the terms approved by the Contracts Committee • During the physical verification of the Construction of the Community Collection Centre at Shuuku Town Council, Sheema District, it was noted that there was slow progress as the contractor, Tamsak Development Link (U) Ltd, was off-site and no work was ongoing

3	<p>Supply and delivery, installation and commissioning of Laboratory Equipment by Palin Corporation Limited worth UGX 344,027,840 (PIBID/SUPLS/23-24/00205)</p>	<ul style="list-style-type: none"> • Delayed commencement of the procurement; The confirmation of funds were confirmed on 12th February 2024. However, the PDU submitted to contracts Committee on 27th March 2024 • In the letter by palin dated 13th May 2024 where the Entity sought for clarification on the item “recirculating chiller buchi”. The evaluation committee noted that they were quoting for chiller buchi in the compliance sheet but the presented brochure was for Labtech. The response by Palin stated they have offered a chiller from Labtech and also attached a brochure for a Labtech LW2100N which has a better cooling capacity than Buchi. And further stated that water supply and return connections are standard and the same for all chillers and rotary evaporation systems so the Labtech LW2100N chiller supports all rotary evaporation system including Buchi. Palin further stated in an event you still require that they offer Buchi F-314 recirculating chiller it will cost UGX 51,473,356 Which would increase the bid price by UGX 31,181,031. Even when the supplier explained the best, the entity proceeded with one higher by 31,181,031. • As per GCC 12 of the Contract, delivery shall be within 3 months after contract signing. It was noted delivery took place on 6th May 2025 but there was no evidence of contract extension. GRN 3159 indicate that goods were received on 7th May 2025 and received by Babirye Hellen
4	<p>Supply and delivery, installation and commissioning of Universal depositing systems, oil filtration, crate and utensil washers and Automatic Packaging Machine for Pilot Plant, Bakery Unit by Macadams International (PTY) Ltd worth UGX 851,885,700</p>	<ul style="list-style-type: none"> • Delayed PDU submission to the Contracts committee for approval by 60 days. The Form 5s were initiated on 14th July 2023 and funds were confirmed by the Accounting Officer on 24th July 2023 and PDU submitted to CC on 16th October 2023 • Delay by displaying a Best evaluated bidder notice under direct procurement by 10 working days. The Best Evaluated Bidder Notice was displayed on 2nd May 2024 and removal date was on 16th May 2024 despite the procurement

S/N	Procurement details	Reasons for High risk
		<p>being conducted through direct procurement</p> <ul style="list-style-type: none"> • Delays at Post evaluation to contract signing by 213 days; The evaluation of bids was concluded on 12th March 2024. The Contracts Committee subsequently approved the evaluation report and contract award on 2nd May 2024. However, there was a prolonged delay before seeking clearance from the Solicitor General which was only done on 16th October 2024. Clearance by Solicitor General was eventually granted on 14th November 2024, and the contract was finally signed on 16th January 2025 citing a delay of 213 days. • Delayed delivery by 79 working days; The contract was signed on 16th January 2025 and provided for delivery within seven (7) months from the date of signing. However, the draft bill of lading indicates that the vessel was expected to depart Cape Town on 6th December 2025, well beyond the contractual delivery period • The initial Contract was signed on 16th January 2025 and the duration was 7 months after contract signing. However, the addendum was made on 20th October 2025 which was after the contract expiry and there is no evidence of contract extension
	<p>Supply and delivery of bakery requirements for the pilot plant worth UGX 238,997,200</p>	<ul style="list-style-type: none"> • The Best Evaluated Bidder (Black raven Properties Ltd) submitted two separate bids; one dated 22nd January 2024 and a second dated 19th February 2024 both quoting the identical price of UGX 238,997,200. There is no evidence that the submission of multiple bids was authorized or addressed in the bidding document to indicate that the procurement process allowed unauthorized duplication, which could distort the evaluation process. • the Entity shortlisted only four firms without any documented justification for deviation from the prescribed minimum. This indicates non-compliance with the regulatory requirement and

S/N	Procurement details	Reasons for High risk
		<p>weaknesses in the procurement planning and execution process.</p> <ul style="list-style-type: none"> • Only two out of four invited firms submitted bids by the closing date of 22 January 2024 resulting in participation from less than 50% of the shortlisted providers in RFQ process. • Unauthorized submission and acceptance of multiple bids from the single awarded provider, The Best Evaluated Bidder (BEB) submitted two separate bids. one dated 22nd January 2024 and a second dated 19th February 2024 both quoting the identical price of UGX 238,997,200. • Inadequate shortlist of 4 bidders.; Reg 53 (1) of PPDA (Rules and methods) Regs 2023 provides that A shortlist shall have at least six bidders, except for micro procurement which shall have three bidders. The Entity shortlisted only 4 firms out of 6

MEDIUM RISK PROCUREMENTS

S/N	Procurement details	Reasons for Medium risk
1.	<p>Supply of Heavy-duty truck (10 ton) to carry Raw Matooke by Modern Automobiles Ltd worth UGX 299,200,000 VAT Inclusive (PIBID/SUPLS/24-25/00235)</p>	<ul style="list-style-type: none"> • Delayed submission to the Contracts committee by 186 working days. The Form 5 was initiated on 5th November 2024 and the Accounting Officer confirmed availability of funds on 7th November 2024, the Procurement and Disposal Unit to the Contract Committee to approve the procurement method, bidding document, advert and evaluation committee on 3rd January 2025 resulting in a delay of 186 working days. • Delayed contract signing by 69 working days. The evaluation report was approved by the Contract Committee on 27th February 2025, the Solicitor General cleared the draft contract on 25th April 2025 and the contract was signed on 7th June 2025 citing a delay of 6 working days. • Deviation in terms of payment, CC at the approved bidding document GCC 16.1 stated structure of payment will be 100% of the contract payable upon delivery. Delivery within 2 months. However, at contracting, GCC 16.1 advance of 30% and 70% payable after delivery and

S/N	Procurement details	Reasons for Medium risk
		GCC 12 delivery to 3 months.
2.	Procurement of packaging materials for cookies, crisps, queen cakes, scones, and Biscuit wrappers for the pilot plant by Luuka Plastics Limited at UGX 158,295,248	<ul style="list-style-type: none"> • Delayed PDU submission to the Contracts committee for approval by 47 working days. The Form 5 was approved by the Accounting Officer on 17 December 2024 and PDU submitted to CC on 24 February 2025 citing a delay of 47 working days • Discrepancy in the GCC of the bidding document and that in the contract document where in the bidding document-GCC(SCC) 29.3 Warranty was for the period of 12 months whereas that in the contract GCC(SCC) 29.3 states warranty of 24 months • Delayed deliveries by 89 working days; The contract was signed on 2nd April 2025 and the contract required that all supplies be delivered within one month from the date of contract signing • The contract was signed on 2nd April 2025. However, a review of the records showed that Goods Received Note Numbers 3064 and 3065 were dated 31st March 2025, which is prior to the contract signing date. This indicates that the goods were received before the contract was formally signed.
3.	Provision of Manpower processing services to the pilot plant at Nyaruzinga, Bushenyi District worth UGX 1,800,766,792	<ul style="list-style-type: none"> • Delayed evaluation of bids by 58 working days, The bidders submitted their bids on 28th February 2024 and it was until 11th June 2024 that evaluation was concluded citing a delay of 58 days from the stipulated evaluation timelines of 10 working days from the date of bid opening. • The contract was signed on 21st December 2023 after expiry of bid validity and bid securing declaration period on 4th April 2024 and 15th May 2024 respectively
4.	Supply and delivery of a laboratory equipment by Emperors Hill life investment Ltd UGX 1,034,855,525.52	<ul style="list-style-type: none"> • It was noted that the users did not clearly carry out need assessment and did not clearly understand the operation of the equipment they were purchasing. This was further confirmed by the supplier at the time of installation. Where they noted that machines were installed with no stabilizers and most of the time power was not stable which poses a great danger to the machines, windows are not shielded against the sun and do not have internal

S/N	Procurement details	Reasons for Medium risk
		<p>air supply which may interfere with the performance of certain machines, few trained personnel in the laboratory</p> <ul style="list-style-type: none"> • Delayed delivery by 169 working days. The Contract was signed on 22nd August 2023 and delivery was expected within 6 months from the contract signature date. However, delivery was made on 26th October 2024 as per delivery note and Good received Note No. 1011 dated 4th November 2024

LOW RISK PROCUREMENTS

S/N	Procurement details	Reasons for Low risk
1.	Procurement of 2 product delivery trucks(5-tonnes) for central and Eastern regions on an operating lease for one year by GRECCA Limited at UGX 151,755,042	<ul style="list-style-type: none"> • Exclusion of GCC(SCC) 20.1 completion period from the contract as provided for in the bidding document stating two years (24months). • -The contract agreement states five years contrary to GCC(SCC) 20.1 completion period in the bidding document which states two years (24months). • Out of the seven firms that were invited Only two firms; Grecca Ltd and Vehicle and Equipment Leasing (U) Ltd return bids on 15th November 2024.

SATISFACTORY PROCUREMENTS

S/N	Procurement details	Amount
1.	Construction of the banana community processing unit (CPU) at TBI Request for Quotation Tamsak Development Link (U) Limited	137,782,700
2.	Provision of leasing of three 2ton trucks to PIBID/BIRDC Request for Quotation Grecca Ltd	185,965,715
3.	Supply and delivery of bakery requirements for the pilot plant Restricted domestic bidding Yield Agency Ltd	245,529,090
4.	Construction of the banana community processing unit (CPU) at TBI Request for Quotation Tamsak Development Link (U) Limited	149,754,980

APPENDIX B: RISK RATING CRITERIA

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

RISK	DESCRIPTION	AREA	IMPLICATION
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	This implies 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 inclusion, environment, health and safety. Aspects of gender, social inclusion, environment,	

RISK	DESCRIPTION	AREA	IMPLICATION
		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.	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 a lack of transparency.

SATISFACTORY

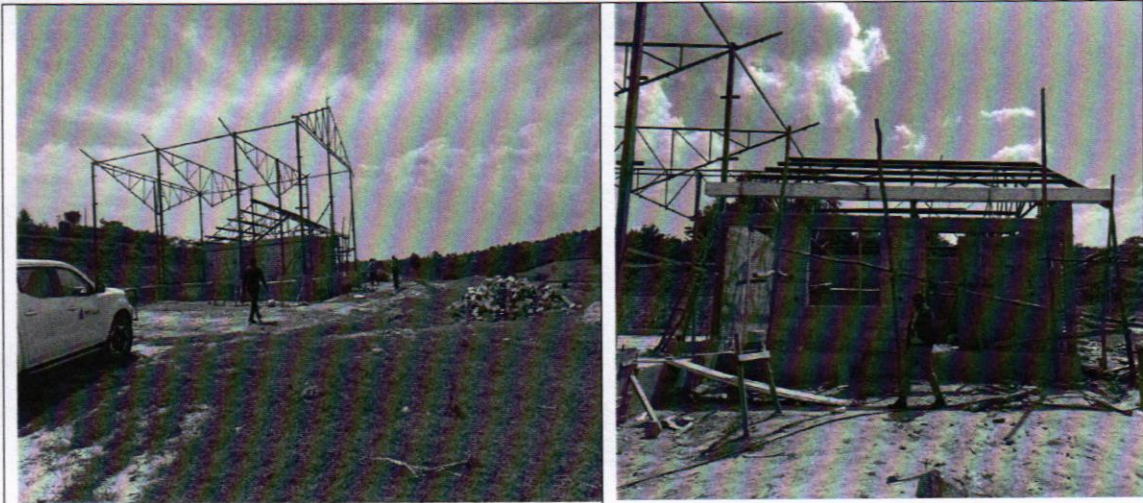
Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.

APPENDIX C: TRANSACTION LIST AND RATING PER CASE

SN	Reference Number	Subject of procurement	Method of procurement	Provider	Contract Value (UGX)	Rating
1.	PIBID/SUPLS/22-23/00256	Supply, delivery, installation, training and commissioning laboratory equipment	Open domestic bidding	Emperors Hill life investment Ltd	1,034,855,525	Medium
2.	PIBID/BIRDC/FW/S VCS/23-24/00011	provision of manpower services and associated inputs and materials to the pilot plant, production department and cleaning services at TBI Bushenyi and PIBID Secretariat	Open domestic bidding	Hygiene Consultant Ltd	1,800,766,792	Medium
3.	PIBID/SUPLS/23-24/00032	Supply, delivery, installation and commissioning of a mixer oven and bakeware for the pilot plant bakery	Direct procurement	Macadams International (PTY) Ltd	450,913,900	High
4.	PIBID/ SUPLS/23-24/00081	Supply, delivery, installation and commissioning of a universal depositing system, oil filtration system, crates and utensil washers and automatic packaging machines	Direct procurement	Macadams International (PTY) Ltd	851,885,700	High
5.	PIBID/WRKS/23-24/00481	Construction of the community collection centres at Shuuku town council, Sheema District	Restricted Domestic Bidding	Tamsak Development Link (U) Ltd	482,835,605	High
6.	PIBID/SUPLS/24-25/00235	Supply and delivery of a 10 ton truck (Heavy duty) to ferry matooke from the cooperatives to	Restricted Domestic bidding	Modern Automobiles	299,200,000	Medium

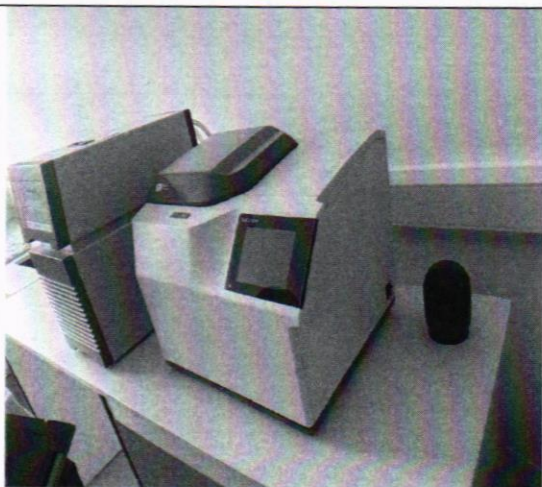
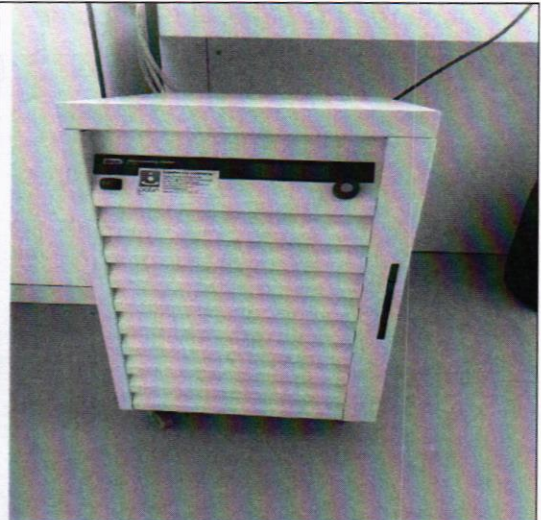
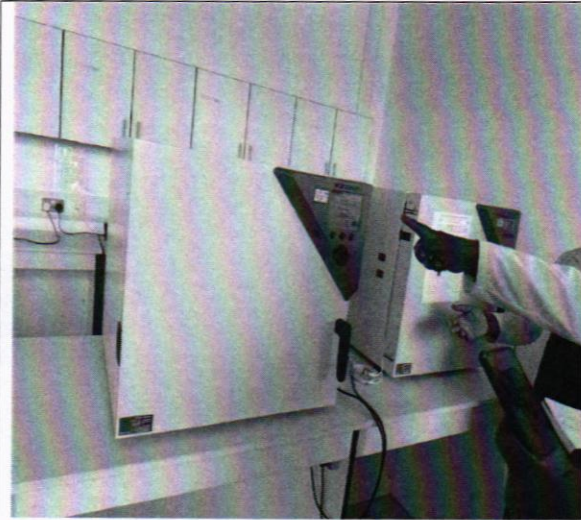
		the pilot plant		Ltd		
7.	PIBID/SUPLS/23-24/00205	Supply, delivery, installation training of staff and commissioning of laboratory Equipment	Restricted Domestic bidding	Palin Corporation Ltd	344,027,840	High
8.	PIBID/FW/SUPLS/SUPLS/23-24/00005	Supply and delivery of bakery requirements for the pilot plant	Restricted domestic bidding	Black raven properties Ltd	238,997,200	Low
9.	PIBID/FW/SUPLS/SUPLS/23-24/00005	Supply and delivery of bakery requirements for the pilot plant	Restricted domestic bidding	Yield Agency Ltd	245,529,090	High
10	PIBID/WRKS/23-24/00273	Construction of the banana community processing unit (CPU) at TBI	Request for Quotation	Tamsak Development Link (U) Limited	137,782,700	Satisfactory
11	PIBID/WRKS/23-24/00273	Construction of the banana community processing unit (CPU) at TBI	Request for Quotation	Tamsak Development Link (U) Limited	149,754,980	Satisfactory
12	PIBID/NCONS/24-25/00224	Provision of leasing of two 5-ton trucks to PIBID/BIRDC	Request for Quotation	Grecca Ltd	151,755,042	Low
13	PIBID/NCONS/24-25/00216	Provision of leasing of three 2-ton trucks to PIBID/BIRDC	Request for Quotation	Grecca Ltd	185,965,715	Satisfactory
14	PIBID/SUPLS/24-25/00448	Supply and delivery of packaging materials for the pilot plant	Request for Quotation	Luuka Plastics Limited	158,295,248	Medium
	TOTAL				6,532,565,337	

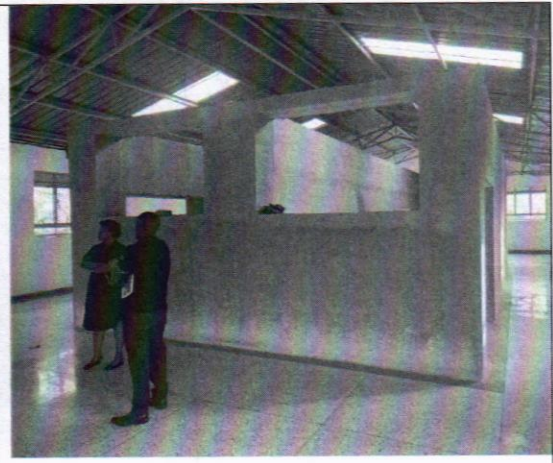
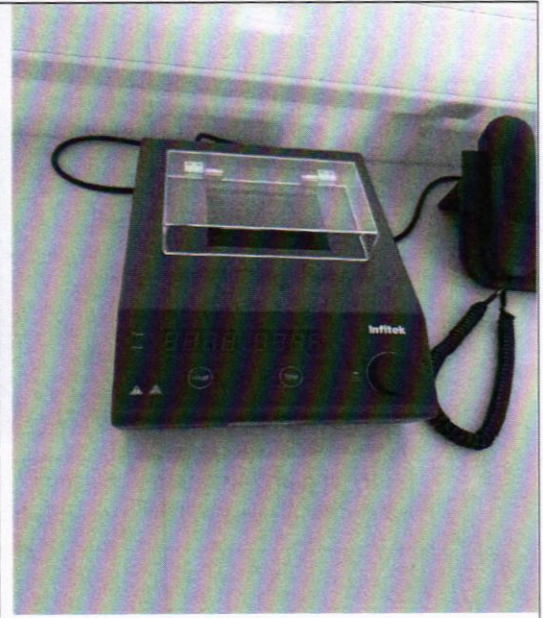
Annexure 1: Physical Verification



Construction of the community collection centres at Shuuku town council in Sheema District. The progress was slow and site was abandoned.

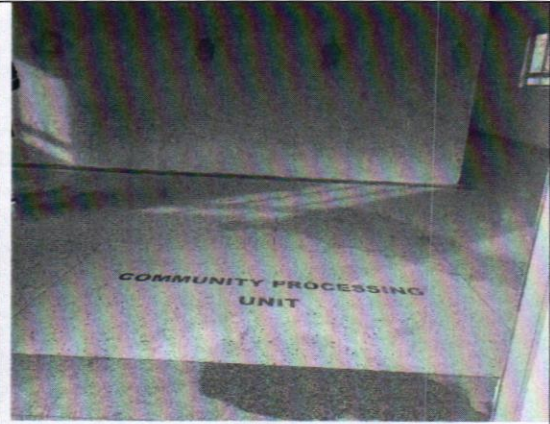






The constructed Banana processing unit (CPU) at TBI

The team inspecting the CPU -this was incomplete and contract period had expired with the Contractor – Tamsak Development Link (U) Ltd



The surrounding area was not levelled and was overgrown with grass, posing a safety risk



The 10 ton truck (Heavy duty) to ferry Matooke from Cooperatives supplied by Modern Automobiles Ltd