PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY

"Regulating for Results"

REPORT ON PROCUREMENT AND DISPOSAL AUDIT FOR ARUA CITY COUNCIL FOR FINANCIAL YEAR 2024/2025

JUNE 2026

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ACRONYMS

ESHS	Environment, Social, Health and Safety Safeguards
FY	Financial Year
Ltd.	Limited
MEMD	Ministry of Energy and Mineral Development
PPDA	Public Procurement and Disposal of Public Assets Authority
PWDs	Peersons with Disabilities
SPLS	Supplies
UGX	Uganda Shillings
UNCDF	United Nations Capital Development Fund
VAT	Value Added Tax
WHT	Withholding Tax
WRKS	Works

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Arua City Council for the financial year 2024/2025 and reviewed 15 sampled procurement and disposal transactions.

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

From the findings of the procurement and disposal audit, the performance of Arua City Council for the FY 2024/2024, was **Moderately Satisfactory** with an overall weighted average risk rating of **37.62%.** The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

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

1. Failure to fully implement 11 (91.7%) out of the 12 audit recommendations from the FY 2022/2023 PPDA Audit report, contrary to Section 10 (1) (a) of the PPDA Act Cap. 205. Consequently, this non-compliance exposed the Entity to recurring procurement irregularities and led to a financial loss of UGX. 211,594,847 due to non-recovery of unremitted revenues and irregular VAT and arithmetic errors payments.

2. Low competition in five procurements worth UGX. 629,022,137, averaging one bid per procurement, contrary to Section 49 of the PPDA Act, Cap. 205. Limited competition increases the vulnerability of the procurement process to collusive bidding practices, such as bid-rigging or price-fixing, thereby compromising the integrity of the procurement process.

3. Flawed bid evaluations where the Evaluation Committees passed bidders who failed to meet the mandatory evaluation criteria in four procurements worth UGX. 419,099,912, contrary to Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023. This exposed the Entity to the risk of contracting unqualified firms with no proven capacity and eligibility to execute the projects.

4. Execution of the contract for the management and revenue collection from Arua Market worth UGX. 1,086,000,000 without obtaining the Solicitor General's approval, contrary to Regulation 6 (1) (f) of the PPDA (Contracts) Regulations 2023. This rendered the contract agreement legally null and void leaving the Entity with no legal recourse should the service provider fail to perform the contractual obligations.

5. Ten non-performing contracts worth UGX. 2,776,532,001, contrary to Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023, specifically:
   i) Non-execution of two contracts worth UGX. 253,633,920 namely: drilling of a production borehole in Muni Ward worth UGX. 38,954,160; and gravelling of 2km of Muni–Ocoko Road worth UGX. 214,679,760. This was due to flawed planning and poor risk management i.e., bundling dependent project components with an "immediate start" and a rigid three-month timeline, despite lacking upfront funding guarantees from the Ministry of Energy and Mineral Development (MEMD).

ii) Incomplete works of two projects worth UGX. 1,616,833,783 namely:
   - Construction of Woko bridge worth UGX. 583,531,200 (funded by MEMD; faced funding shortfalls and was abandoned by the contractor with the site not secured with safety barriers due to inadequate supervision); and
   - Construction of Onduparaka Market worth UGX. 1,033,302,583 (funded by the United Nations Capital Development Fund (UNCDF); faced funding shortfalls and had idle contractor's workers onsite due to lack of building materials).

iii) Non-implementation of BoQs requirements in six procurements for the construction and renovation of classroom blocks worth UGX. 906,064,298 (e.g., non- installation of pinboards, dado rails and electricals, failure to plant trees, post construction site clearance not done) and quality defects (e.g., broken sockets; no level thresholds of entrances to classrooms which hinders easy access by Persons With Disabilities).

6. Non-disposal of obsolete assets in contravention of Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023, due to failure to appoint a Board of Survey for FY 2024/2025 and to liaise with the Chief Mechanical Engineer to conduct the required asset valuations. The delayed disposal erodes the residual value of the unserviceable assets, leading to a total loss of potential disposal revenue.

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

1. The Accounting Officer should:
   i) Pursue the absolute recovery of outstanding funds worth UGX. 211,594,847 and provide evidence of recovery (e.g., electronic funds transfer receipts, bank statements, or official treasury receipts) to PPDA for verification as follows:
      a) UGX 1,900,000 in undetected arithmetic errors in the bid for True Stars Investment (U) Limited, that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 for the supply of plastic recycling machine/plastic bank (Procurement Reference Number: ARUA851/SPLS/2022-2023/00022).
      b) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, because the provider was not registered for VAT for supply of two units of motorcycles for Planning and Commercial Department (Procurement Reference Number: ARUA851/SPLS/2022-2023/00021).
      c) UGX 1,944,000 in VAT payment to Ziku & Bros Joint Repair Ltd., because the provider was not VAT registered for the procurement of supply of tree seedlings under the Mayor's Migration Council for Institutional Greening (Procurement Reference Number: ARUA851/SPLS/22-23/00023).
      d) UGX 90,000,000 in unremitted revenues from Betai Enterprises Ltd. for the management and collection of revenue from Arua Main market for the FY 2022/2023.
      e) UGX 112,000,000 in unremitted revenues from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY the 2022/2023.

   ii) Develop a detailed corrective action plan within 14 days from receipt of this report, clearly outlining: specific strategies developed to implement the outstanding PPDA recommendations; correspondence proving stakeholder engagement; and clear timelines, milestones and designated officers responsible for implementation; in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

   iii) In subsequent procurements seek the Attorney General's approval of contracts that exceed UGX. 200 million in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal

Advice) (Amendment) Instrument, 2014; and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

iv) Follow up on the letter dated 20th May 2026 to the Ministry of Energy and Mineral Development (MEMD) to secure a definitive funding roadmap, ensuring that future commitments are backed by guaranteed cash flows to avoid project spillovers (i.e., for the construction of Woko bridge; gravelling of 2km of Muni–Ocoko Road; and drilling of a production borehole in Muni Ward). If no funding response is received from MEMD before the lapse of the extended contract completion deadline of 30th June 2026, the Accounting Officer should immediately review the contract with the provider, True Stars Investments (U) Limited, by seeking legal advice from the Attorney General rather than leaving the contract in a perpetual state of breach in accordance with Regulation 56 of the PPDA (Contracts) Regulations, 2023.

v) Compel the contractor, True Stars Investments (U) Limited, to immediately install warning tapes, signage, and basic safety barriers around the diverted water and cut-off road on Woko bridge in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023. Failure to comply, the City Council should use the contractor's retention money for (IPC No.1 & IPC No.2) to secure the site.

vi) Submit to the Authority evidence of a formal Council resolution regarding the funding shortfall from UNCDF and a clear budgetary allocation showing how Arua City Council intends to raise and secure funding to complete the structures at Onduparaka Market so that the market does not become a wasted public asset.

vii) Constitute a team to undertake a Board of Survey for financial year 2025/2026 to identify the assets due for disposal in accordance with Regulation 2 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023.

viii) Actively follow up with the Chief Mechanical Engineer from the Ministry of Works and Transport to value the unserviceable assets so as to expedite the disposal process in accordance with Regulation 24 (1) and 2 (a) of the PPDA (Disposal of Public Assets) Regulations, 2023.

2. The Head, Procurement and Disposal Unit should review and update the Entity's list of pre-qualified providers to remove firms that were invited but failed to submit bids without reasonable justification in accordance with Clause 6 of Guideline 8/2014 (Pre-qualification of Providers for a Group of Contracts).

3. The Contracts Committee should reject flawed evaluation reports in accordance with Section 30 (g) of the PPDA Act, Cap. 205.

4. Contract Managers should issue formal 30-day "Notices to Correct" to contractors of the school classroom projects requiring the immediate rectification of defects and completion of outstanding works in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations 2023. Should any contractor fail to comply within the 30 - day window, the retained funds should be used to engage different contractors to complete the outstanding works.

Arua City Council should implement the recommended action plan on Pages **39-41** of this report.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Arua City Council for the financial year 2024/2025 and reviewed 15 sampled procurement and disposal transactions. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the PPDA Act, Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines, 2024.

1.2 Audit Objectives

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

The specific objectives of the audit were to:

1. Establish the level of compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act, Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines 2024;
2. Assess the degree of compliance with the PPDA Act, Cap. 205 and PPDA Regulations, 2023 in the conduct of disposal activities; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements where applicable.

1.3 Structure of the Entity

Arua City Council found in North-Western Uganda was established by the Parliament of Uganda on 28th April 2020 as a Regional City for West Nile sub-region. It manages the City's divisions, municipal infrastructure, and local services.

According to Section 28 of the PPDA Act, Cap. 205, the Accounting Officer has the overall responsibility for the successful execution of procurement and disposal processes in a Procuring and Disposing Entity. The Accounting Officer of Arua City Council during the financial year under review was Mr. David Kyasanku, the Town Clerk.

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: Contracts Committee Membership

No	Name	Job Title	Position on Contracts Committee	Appointment Date
1.	Mr. Bosco Afedra	Assistant Engineering Officer- Mechanical	Chairperson	28th November 2023
2.	Ms. Lillian Draru	Human Resource Officer	Secretary	23rd January 2024
3.	Mr. Zilly Buza	Senior Inspector of Schools	Member	23rd January 2024

No	Name	Job Title	Position on Contracts Committee	Appointment Date
4.	Mr. Robinson Draga	Senior Agricultural Officer	Member	23rd January 2024

Note: The fifth member (Ms. Judith Drate, the City Community Development Officer) was nominated for appointment as per the letter dated 24th March 2026 to the Permanent Secretary/Secretary to the Treasury.

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 were to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Jimmy Omale.

1.4 Procurement and Disposal Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation of 15 transactions under financial year 2024/25 (***Appendix 1***).

1.5 Methodology

On 2nd March 2026, the Entity was notified about the audit exercise. A sample of 15 procurement transactions conducted in the financial year 2024/2025 was selected based on stratified random sampling. An audit launch meeting was held on 10th March 2026 between the audit team and the Entity's officials.

Two officers conducted the exercise under the supervision of the Regional Manager, Northern Region. During the exercise, the team examined records and documents of the sampled procurement transactions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management.

On completion of file review, the audit team met with various stakeholders to discuss and obtain clarifications on some of the preliminary findings. A debrief meeting was held on 18th March 2026 between the audit team and the Entity's officials. A management letter was issued to the Entity for management's response on 15th May 2026 and the Entity's responses to the issues raised were received on 22nd May 2026. The exit meeting was held on 26th May 2026 at PPDA Head Office, PPDA-URF Towers, Plot 39 Nakasero Road, Kampala. Subsequently, the Entity submitted an amended response and additional information on 29th May 2026 to support its management responses.

On completion of data collection and before writing the report, the Regional 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 TWO: FINDINGS AND RECOMMENDATIONS

2.1 Compliance of the Procuring and Disposing Entity with the provisions of the PPDA Act, Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines 2024

2.1.1 Failure to implement 91.7% of the PPDA audit recommendations of FY 2022/2023

Section 10 (1) (a) of the PPDA Act, Cap. 205 provides 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."*

Of the 12 audit recommendations issued in the PPDA FY 2022/2023 Audit Report dated March 2024, the Entity fully implemented only one (8.3%) recommendation. The remaining 91.7% of the audit recommendations were outstanding, with seven (58.33%) partially implemented and four (33.33%) not implemented. This failure to address audit findings suggested a combination of administrative oversight and a breakdown in governance.

Table 2 below details the FY 2022/2023 PPDA audit recommendations, assigned Action Officers, the implementation status and management responses:

Table 2: Status of Implementation of FY 2022/2023 PPDA Audit Recommendations

Responsible Officer	Recommendations	Status of Implementation	Management Response
Accounting Officer	1. Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 9 (1) (a) of the PPDA Act, 2003.	Not implemented	*This is noted. The Entity is implementing that.* **Authority's comment** The Entity's response provided was generic and lacked a specific, measurable action plan. In addition, no evidence was submitted to demonstrate the current implementation status, the specific stakeholders engaged, or the strategic milestones achieved to address the outstanding recommendations.
	2. Dispose of all unserviceable assets to avoid further depreciation and attain value for money in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023.	Not implemented	*We wrote to the Chief Government Valuer to establish reserve values for the assets to be disposed, but no response has been received.*

Responsible Officer	Recommendations	Status of Implementation	Management Response
			Authority's comment While Management's effort to engage the Chief Mechanical Engineer (letter dated 31st January 2025) and the Chief Government Valuer (letter dated 29th September 2025) was noted, the explanation did not absolve the Entity of non-compliance with asset disposal over a prolonged period of three consecutive financial years (i.e., FY 2022/2023; FY 2023/2024 and FY 2024/2025). A three-year delay indicated a lack of robust follow-up mechanisms to expedite the valuation process. By failing to dispose of these assets timely, the Entity risks further asset depreciation, increased storage/holding costs, and a loss of economic value.
	3. Recover and submit to the Authority evidence of recovery of: f) UGX 1,900,000 in undetected arithmetic errors in the bid True Stars Investment (U) Limited, that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 for the supply of plastic recycling machine/plastic bank.	Not implemented	*Management wrote to the contractors directing them to refund the monies as per the letters dated 24th September 2024.* **Authority's comment** Management's action of writing to the contractors was noted; however, mere issuance of demand letters did not constitute an actual recovery of public

Responsible Officer	Recommendations	Status of Implementation	Management Response
	g) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, yet the provider was not registered for VAT for supply of two units of motorcycles for Planning and Commercial Department. h) UGX 1,944,000 in VAT payment to Ziku & Bros Joint Repair Ltd., because the provider was not VAT registered for the procurement of supply of tree seedlings under the Mayor's Migration Council for Institutional Greening. i) UGX 90,000,000 in unremitted revenues from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market for FY 2022/2023. j) UGX 112,000,000 in unremitted revenues from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY 2022/2023.		funds. A total of UGX. 211,594,847 remains outstanding and unrecovered. In addition, Management's response lacked definitive recovery timelines and clear legal escalation mechanisms in the event that the contractors fail to comply.
	4. Task the contractor, China Railway Seventh Group Co. Limited to correct the anomalies on School Road and Adroa-Adumi roads and complete works on Go-Down Road: i) School Road (1,220 metres): The road	Not implemented *(**Note**: no completion report with geo-tagged pictures was submitted to the Authority)*	***School Road and Adroa-Adumi roads*** *All the pending components mentioned in the previous PPDA Audit report have been implemented. However, the road signage was not included in the project*

Responsible Officer	Recommendations	Status of Implementation	Management Response
	name sign post was not fixed; 17,211 road studs (embedded glass) worth UGX 63,112,737 were not fixed; and the 54 trash cans worth UGX 61,805,376 were not installed long the road. ii) Adroa Road (1,060 metres): The road name sign post was not fixed; some drainage covers were broken; 230 road studs (embedded glass) worth UGX 843,410 were not fixed; and the 43 trash cans worth UGX 49,202,019 were not installed long the road. iii) Construction of Go Down road (1.050Km): Execution of works on expired contracts. The contracts expired on 9th and 4th September 2023 for the Contractor and Supervising Consultant respectively yet works were incomplete i.e., • The single arm street lights (50 No.) had not been installed. • Road marking was still ongoing and in some sections were not done well. • The contractor irregularly provided for car parking in a corner.		*scope. Installation shall be handled under Annual Routine Maintenance.* **Authority's comment** Management's response was noted. However, no geo-tagged photographs were submitted to the Authority to verify and confirm the actual installation of the road studs (embedded glass) and trash cans for both the School Road and Adroa-Adumi Road. Consequently, the physical existence of these assets could not be verified. ***Go-Down Road*** *The Go-Down Road contract was extended from 9th September 2023 to 4th December 2023 and later to 31st January 2024 to allow completion of the pending works. These pending works have been completed and the completion report as well as the As-built drawings are available. Sixty-five (65) streetlights were installed and are functional; the trees were planted in selected locations, but some were uprooted due to the harsh urban environment; while the grass was planted in the middle island, but its growth was hampered*

Responsible Officer	Recommendations	Status of Implementation	Management Response
	• Holes dug for installation of street lights were not covered hence leaving the people prone to getting accidents. • Tree planting (20 No.) had not commenced. • Planting of grass in some areas had not commenced. • Trash cans (8 No.) had not been fixed. • Bus stop shelters (5 No.) had not been fixed.		*by the uncontrollable urban community. The trash cans were all installed including the bus stop shelters.* **Authority's comment** We took note of management's response and the completion report submitted by the consultant (Segamu 14 Consults Limited) on 5th June 2025 to the Town Clerk - Arua City Council. However, no geo-tagged photographs were submitted to the Authority to verify and confirm the actual installation of the bus stop shelters and trash cans.
Procurement and Disposal Unit	1. Immediately after receipt of approval by the Contracts Committee, prepare bid adverts and invite bidders to participate in the Entity's bidding processes to promote efficiency in public procurement. 2. Ensure that the bidding documents evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.	1. Partially implemented 2. Partially implemented	***Under Procurement and Disposal Unit, Evaluation Committees, User Departments, and the Contracts Committee:*** *All these issues have been corrected in the current procurements.* **Authority's comment** Management's assertion that procurement processes have been corrected for the financial year 2025/2026 was noted. However, no verifiable evidence from the current procurement cycle was submitted for audit review.
Evaluation Committees	Adhere to the evaluation criteria set out in the bidding documents during bid	Partially implemented	

Responsible Officer	Recommendations	Status of Implementation	Management Response
	evaluations in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.		Consequently, the Authority will verify the validity of Management's claim during the next audit cycle by sampling and reviewing the FY 2025/2026 procurement files.
User Departments	1. Put in place functional monitoring mechanisms for the work plans and initiate procurements according to the procurement plan time schedules to promote efficiency in public procurement. 2. Prevail over Contract Managers to: i) Task each provider to meet all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023. ii) Appraise and report on the performance of the providers to the Procurement and Disposal Unit in accordance with Regulation 52 (2) (f) of the PPDA (Contracts) Regulations, 2023.	1. Partially implemented 2. Partially implemented	
Contracts Committee	Scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.	Partially implemented	

Implications

- The failure to fully implement PPDA audit recommendations reflects a systemic weakness in internal controls, exposing the Entity to the risk of recurring procurement irregularities.
- A total of UGX. 211,594,847 in unrecovered funds is loss to the Entity and demonstrates a weak commitment to financial accountability.

Recommendations
In accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205, the Accounting Officer should:

1. Pursue the absolute recovery of all outstanding funds (UGX. 211,594,847) and provide evidence of recovery (e.g., electronic funds transfer receipts, bank statements, or official treasury receipts) to PPDA for verification.
2. Engage the nominated representative of the Chief Mechanical Engineer from the Ministry of Works and Transport (Mr. Haruna Mayombwe, as per the letter of nomination dated 14th March 2025), to value and determine the reserve prices for the unserviceable assets so as to expedite the disposal process in accordance with Regulation 24 (1) the PPDA (Disposal of Public Assets) Regulations, 2023.
3. Develop a detailed corrective action plan within 14 days from receipt of this report, clearly outlining: specific strategies developed to implement the outstanding PPDA recommendations; correspondence proving stakeholder engagement; and clear timelines, milestones and designated officers responsible for implementation; in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.
4. Hold the key stakeholders (Head, Procurement and Disposal Unit, Contracts Committee, Evaluation Committees and User Department Heads) personally accountable if the agreed-upon deadlines in the Entity's Action Plan are breached.

2.1.2 Deficiencies in procurement planning and implementation

Section 60 (2) (d) of the PPDA Act, Cap. 205 provides that: *"A Procuring and Disposing Entity shall plan its procurement and disposal in a rational manner and, in particular, shall integrate its procurement budget with its expenditure programme."*

A comparative analysis between the Entity's approved procurement plan and the actual implementation as per the monthly reports of the FY 2024/2025 revealed an implementation rate of only 43.7% as summarized in Table 3 below.

Table 3: Summary of Procurement Plan Implementation for FY 2024/25

Description	Amount (UGX)
Total Procurement Plan Value	17,744,912,503
Total Actual Spend Value (Monthly Reports)	7,758,488,877
Procurement Plan Implementation Rate (%)	43.7%
Variance	9,986,423,626

The 43.7% implementation rate was due to the Entity's failure to update the procurement plan to remove unimplemented procurements worth UGX. 5,436,460,400 and to report procurements executed worth UGX. 4,360,089,488 to the Authority on a monthly basis as detailed below:

Key Findings and Analysis:

i) Unimplemented planned procurements for FY 2024/2025

Section 60 (2) (d) of the PPDA Act, Cap. 205 requires Entities to adopt rational planning for all procurement and disposal activities, ensuring that procurement budgets are fully integrated into the Entity's expenditure programmes.

The Authority noted that the Entity failed to implement 12 planned procurements worth UGX. 5,436,460,400 due to administrative issues and unrealized funds as detailed in Table 4 below.

Table 4: Unimplemented planned procurements for FY 2024/2025

No.	Subject of procurement	Estimated Amount (UGX)	Management Response
1.	Construction of administration block.	3,500,000,000	*The Central Division offices were to be constructed where the City Headquarters is currently sitting because the City Headquarters were to move to where Arua District Headquarters are. However, the district failed to move to their new site. This project was re-budgeted for in FY 2025/2026 and the procurement process was at notice of best evaluated bidder display level (i.e., displayed from 14th to 27th May 2026).*
2.	Phased construction of office block at Ayivu Division Headquarters.	1,345,586,400	*The office block in Ayivu Division was not constructed in FY 2024/2025 because the Bills of Quantities prepared were for the whole project and the Best Evaluated Bidder quoted for the entire project, but the funds available were not enough for the project. When we sought clearance from the Solicitor General, he declined to approve the project because Arua City Council could not commit Government without funds. The project was however, re-budgeted for in the FY 2025/2026 and the first phase has been completed.*
3.	Repair and maintenance of street lights in Arua City HQ and Central Division.	235,574,000	*This activity was not undertaken in FY 2024/2025 because of financial constraints, but was re-budgeted and has been implemented in FY 2025/2026.*
4.	Supply of vehicle for Mayor Central Division.	190,000,000	*This was not procured because of shortage of local revenue. However, the Mayor Central Division has since received a vehicle from Central Government.*
5.	Street lighting in Ayivu Division.	50,000,000	*These two were not implemented because of insufficient local revenue.*
6.	Supply of garbage strips in Ayivu Division.	48,000,000	
7.	Repair of water system at Alivu Primary School.	25,000,000	*This was not undertaken because of budget constraints.*
8.	Tilting of former Aroi, Manibe, Ayivuni and Oluko Sub-Counties.	16,000,000	*The process for titling of Aroi, Manibe and Ayivuni was started and is ongoing, but Oluko was not started because of land conflict and boundary dispute.*

No.	Subject of procurement	Estimated Amount (UGX)	Management Response
9.	Procurement of computer work station in Ayivu.	10,000,000	*These two were not implemented because of insufficient local revenue.*
10.	Extension of land pump station at Ndruu in Lia-Ayivu Division.	10,000,000	
11.	Purchase of law books.	5,300,000	*These two were not implemented because of lack of finances.*
12.	Supply of seedlings.	1,000,000	
	Total	**5,436,460,400**	

Implication

Non-implementation of planned procurements directly undermines the Entity's ability to fulfill its mandate and deliver services to the public.

Authority's comment on the management responses

Management's explanation regarding the funding constraints, the Solicitor General's guidance, and the subsequent re-budgeting of some of the procurements was noted. However, the audit finding remained unaddressed because when the procurements were deferred, canceled, or phased due to budgetary shortfalls or administrative and legal hurdles, Management was required to formally amend and update the procurement plan to reflect these changes. Leaving unimplemented procurements in the active FY 2024/2025 plan distorted procurement reporting, budgeting accuracy and performance tracking.

Recommendation

The Accounting Officer should direct the Heads of User Departments to inform the Procurement and Disposal Unit to update the procurement plan and submit a copy to the Authority, in the event that amendments are made to their departmental workplans, in accordance with Regulations 4 & 5 of the PPDA (Procurement Planning) Regulations 2023 and Section 60 (8) of the PPDA Act, Cap. 205.

ii) Monthly reporting gaps

Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023 provides that: *"A Procuring and Disposing Entity shall for each month, using the format of Form 2 of the Schedule, submit to the Authority, by the fifteenth day of the following month, a report on the procurement activities undertaken by the Procuring and Disposing Entity in the month which shall include information on the providers who undertook the procurement."*

The Authority noted that the Entity failed to report 19 procurements worth UGX. 4,360,089,488 in the monthly report submissions made to the Authority. This anomaly was due to a breakdown in administrative oversight and procedural compliance.

Table 5 below details the procurements that were not reported to the Authority:

Table 5: Unreported procurements

No.	Item Description	Contract Amount (UGX)
1.	Revenue from 40 sources with an estimated total income of UGX. 192,980,000 per month for 12 months (the breakdown of the revenue sources is vided Appendix III).	2,315,760,000
2.	Supply and installation of solar street lights.	800,000,000
3.	Supply of culverts (900mm diameter and 600mm diameter)	192,988,000
4.	Renovation and maintenance of classroom block at Oli Parents Primary School.	191,000,000
5.	Opening of Community Access Roads in Ayivu and Central Divisions	162,000,000
6.	Maintenance of garbage truck, office vehicle.	156,500,000
7.	Supply of fill materials (Murrum)	146,882,880
8.	Maintenance of Community Access Roads in Ayivu Division	66,000,000
9.	Completion of fencing of Niva Primary School.	60,000,000
10.	Hire of vehicle and plant bulldozer.	49,033,423
11.	Computer services and ICT equipment.	45,702,941
12.	Procurement of medical equipment.	37,422,244
13.	Construction of a 5-stance VIP latrine (Girls) at Ojipaku Primary School.	36,600,000
14.	Supply of small office equipment.	35,200,000
15.	Consultancy service for works.	25,000,000
16.	Purchase of TV sets, radios, CCTV camera telephone.	17,000,000
17.	Construction of incinerator at Pajulu Health Centre III.	12,000,000
18.	Purchase of anti-virus license and internet band width.	8,000,000
19.	Purchase of Council regalia for Deputy speaker, CTC and Sergeant at Arms.	3,000,000
	Total	**4,360,089,488**

Implication

Failure to report procurements worth UGX. 2,883,630,880 to the Authority created a total oversight blackout and a high-risk environment that enables unchecked corruption, collusion, or kickbacks.

Management Response

This was an oversight that will be corrected in the subsequent procurements undertaken.

Recommendations

The Procurement and Disposal Unit should on a monthly basis liaise with the User Departments to report all procurements undertaken by the Entity, by the 15th day of the following month, in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.3 Delayed initiation of procurement requisitions

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

The Authority noted that the User Departments took an average 16 working days to initiate three procurements worth UGX. 386,223,912 in Table 6 below, which delayed the bidding process. While the procurement plan's scheduled initiation date was 21st October 2024, the actual initiation occurred on 11th November 2024 due to the User Departments' failure to monitor planned timelines and raise requisitions promptly.

Table 6: Procurements with delayed initiations

No.	Subject of Procurement	Contract Amount (UGX)
1.	Construction of a 2-classroom block at Lufe-Primary School.	138,042,300
2.	Renovation of a 2-classroom block at Arua Demonstration School.	108,941,612
3.	Construction of a 2-classroom block at Ragem Primary School.	139,240,000
	Total	**386,223,912**

Implication
Delayed initiation of procurement requirements creates a corresponding shift in procurement and project timelines, negatively impacting service delivery for the beneficiaries.

Management Response
Management noted this concern. The User Departments have been urged to take note of this and adhere to the timelines in the procurement plan. This anomaly was because funds were not disbursed timely hence the departments initiated the procurements after receipt of funds.

Authority's comment
Management's response was noted; however, User Departments should adhere to Regulation 4 (4) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 which permits an Entity to initiate the procurement before receiving funds, but not sign the final contract until the availability of funding has been officially confirmed by the Accounting Officer.

Recommendation
The Procurement and Disposal Unit should proactively engage with the User Departments at least 30 days before the planned bid invitation date to confirm the readiness and finalization of the procurement requirements. This will prevent delays and efficiently deliver services as mandated under Section 51 of the PPDA Act, Cap. 205.

2.1.4 Inadequate Competition
Section 49 of the PPDA Act, Cap. 205 provides that: *"Subject to this Act, all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money."*

The Authority noted low competition in five procurements worth UGX. 629,022,137, averaging only one bid each. This pointed towards possible bidder collusion or a mismatch between the invited providers and the Entity's specific requirements.

Table 7 below details the procurements that attracted a limited number of bidder responses:

Table 7: Procurements with low bidder participation

No.	Subject of Procurement	Contract Amount (UGX)	No. of bidders invited	No. of bids received	Bidder Participation Rate
1.	Construction of a 2-classroom block at Odravu Primary School	137,905,656	6	1	16.7%
2.	Construction of a 3-classroom block at Yetemye Primary School	192,091,020	6	1	16.7%
3.	Construction of a 3-classroom block at Aripezu Primary School.	189,843,710	6	2	33.3%
4.	Renovation of a 2-classroom block at Arua Demonstration Primary School.	108,941,612	6	1	16.7%
5.	Construction of a 2-classroom block at Ragem Primary School.	139, 240,000	6	1	16.7%
Totals		**629,022,137**	**30**	**6**	**100.1%**
Average bidder participation rate		**N/A**	**6**	**1.2**	**20%**

Implication

Limited competition increases the vulnerability of the procurement process to collusive bidding practices, such as bid-rigging or price-fixing, thereby compromising the integrity of the procurement process.

Management Response

In a localized context, the prospective bidders submit their bids, but after failing to win contracts in two successive trials (financial years), the bidders lose interest in participating in the procurements because they incur costs irrespective of whether their bids win. In a business sense, the business collapses whenever there are no works or supplies to execute. In any case, the client and employers maintain competitiveness and would never award a contract to a bidder merely because of the many bidding trials the firm has made. Arua City Council strategically aims to organize a symposium for the bidders to educate and provide feedback to them on bidding processes, procedures and gaps noted, with documented feedback in order to improve and develop the capacity of local contractors, promote the local construction/building sector and grow the industry in a local context.

Recommendation

In addition to Management's planned interventions, the Procurement and Disposal Unit should review and update the Entity's list of pre-qualified providers to remove firms that were invited but failed to submit bids without reasonable justification in accordance with Clause 6 of Guideline 8/2014 (Pre-qualification of Providers for a Group of Contracts).

2.1.5 Irregular bid evaluations

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

The Authority noted that the Evaluation Committees evaluated bidders as compliant despite their failure to meet the mandatory requirements set out in the bidding documents in four procurements worth UGX. 419,099,912 as detailed in Table 8 below. This could have been an attempt to manipulate the outcome of the evaluation process or a fundamental misunderstanding of the legal requirement to adhere strictly to the disclosed criteria in the bidding documents.

Table 8: Procurements with non-compliant providers

No.	Subject of Procurement	Contract Amount (UGX)	Areas of non-compliance by the best evaluated bidders
1.	Construction of a 2-classroom block at Lufe-Primary School.	138,042,300	The Best Evaluated Bidder, True Stars Investments (U) Limited did not submit the CVs of the following staff as was required under the evaluation criteria: Project Manager, Site Manager, Site Foreman, Masons, Environmental Officer, Social Development Officer and Electrician. **<u>Management Response</u>** *Management has taken note of this omission and shall ensure that this is corrected in the next bid evaluations.*
2.	Renovation of a 2-classroom block at Arua Demonstration Primary School.	108,941,612	The Best Evaluated Bidder, Ludovic Scosa Company Limited, did not demonstrate access to the key equipment like the dump truck. The provider indicated "NIL" for the dump truck contrary to the bidding document requirement. **<u>Management Response</u>** *This mistake has been noted, and corrective measures shall be taken to ensure that only responsive bids are passed at each stage.*
3.	Construction of a 2-classroom block at Ragem Primary School.	139,240,000	The Best Evaluated Bidder, Hope Engineering and Construction Works, submitted a bid with an ambiguous commencement of **"7 days/weeks/months"** from the date of contract signing, contrary to SCC (GCC 1.1 (ee)) which stated that: *"The start date shall be immediately after contract signing."* **<u>Management Response</u>** *This inconsistency is noted. We shall ensure that this is corrected in the subsequent procurements.*
4.	Construction of a 5-stance VIP Latrine at Orawa Primary School.	32,876,000	The Best Evaluated Bidder, Judean Hills Limited, submitted: • Unregistered Powers of Attorney. • Suspected forged past experience i.e., the company submitted past experience from Bethel Children Nebbi for construction of

No.	Subject of Procurement	Contract Amount (UGX)	Areas of non-compliance by the best evaluated bidders
			a 4-classroom block with an office worth UGX. 168,000,000 that was completed in 2017; however, this was prior to the company's incorporation on 2nd May 2018. **Management Response** *We have taken note of this and an investigation shall be undertaken and a decision reached on the matter.*
	Total	**419,099,912**	

Implication
The Evaluation Committee exposed the Entity to the risk of contracting unqualified firms with no proven capacity and eligibility to execute the projects.

Management Response
The recommendations of the Authority are noted and management shall undertake training for staff on how to conduct bid evaluations.

Recommendations
1. The Accounting Officer should expedite the investigation into the matter of suspected forged past experience. If Judean Hills Limited is found to have breached the code of ethics of providers through forgery, Management must immediately submit a formal complaint to the Authority to initiate suspension proceedings in accordance with Section 128 (a) of the PPDA Act, Cap. 205.
2. Evaluation Committees should strictly adhere to the evaluation criteria approved by the Contracts Committee and issued in the bidding documents in accordance with Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023.
3. The Contracts Committee should reject flawed evaluation reports in accordance with Section 30 (g) of the PPDA, Act Cap. 205.

2.1.6 Failure to obtain the Solicitor General's approval of contract
Regulation 6 (1) (f) of the PPDA (Contracts) Regulations 2023 provides 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 all the relevant agencies, including, the Attorney General, make the necessary approval of the contract."*

The Authority noted that the Entity did not obtain the Solicitor General's approval of the contract for the management and revenue collection from Arua Market worth UGX. 1,086,000,000 (i.e., UGX. 90.5M per month for 12 months).

The Entity's failure to seek the Solicitor General's approval was due to a misinterpretation of the statutory threshold. Management incorrectly assessed the contract value based on the monthly remittance of UGX. 90,500,000 rather than the total cumulative contract sum of UGX. 1,086,000,000. This resulted in the oversight, as the monthly figure fell below the UGX 200 million vetting threshold, while the actual aggregate value exceeded the threshold by 543%.

The Authority clarifies that the requirement for statutory vetting is triggered by the total estimated contract value. The payment structure (e.g., monthly remittances) does not exempt an Entity from seeking the Solicitor General's approval if the total value over the contract term exceeds the UGX. 200 million threshold.

Implication
Failure to obtain the Solicitor General's approval for a contract exceeding the UGX. 200M threshold rendered the agreement legally null and void leaving the Entity with no legal recourse should the service provider fail to perform the contractual obligations.

Management Response
We have noted this anomaly. The recommendations of the Authority shall be fully complied with in the subsequent procurements.

Recommendation
The Accounting Officer should in subsequent procurements obtain the Attorney General's approval of contracts that exceed UGX. 200 million in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) (Amendment) Instrument, 2014; and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

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

2.2.1 Non - disposal of unserviceable assets
Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023 states that: *"For the purposes of disposal planning, an Accounting Officer shall, in each financial year, cause the public assets of a Procuring and Disposing Entity to be reviewed, to identify the public assets to be disposed of in the following financial year."*

The Authority noted that the Entity did not dispose of obsolete assets due to failure to:
i) Undertake the financial year 2024/2025 Board of Survey; and
ii) Prepare a disposal plan.

Table 9 below shows some of the assets seen at the City Yard on 13th March 2026.

Table 9: Unserviceable assets due for disposal as at 13th March 2026

 *Double cabin pick-ups*	 *Ambulance*	 *TATA Truck*
 *Agricultural tractor - LG008-112*	 *Tractor*	 *Truck*

		
Bitumen boiler	*Batteries*	*Pedestrian roller*

Implications

- Vehicles and machinery deteriorate rapidly when left idle. By the time disposal eventually happens, their salvage value would have dropped.
- The unserviceable items occupy physical space and require security to prevent the vandalism of parts, creating an unnecessary logistical burden on the Entity.

Management Response

We wrote to the Chief Government Valuer to establish reserve values for the assets to be disposed of, but to date no response has been received. The disposal plan is now in place.

Authority's comment

While Management's effort to engage the Chief Mechanical Engineer (letter dated 31st January 2025) and the Chief Government Valuer (letter dated 29th September 2025) was noted, the explanation did not absolve the Entity of non-compliance with asset disposal over a prolonged period of three consecutive financial years (i.e., FY 2022/2023; FY 2023/2024 and FY 2024/2025).

We acknowledge management's subsequent action of preparing a disposal plan to address the audit finding, however, this does not absolve the Entity from its statutory obligation to conduct the financial year 2024/2025 Board of Survey, which was a critical prerequisite for identifying and verifying the condition of assets prior to valuation of unserviceable assets and preparation of a disposal plan.

Recommendations

The Accounting Officer should:

1. Constitute a team to undertake a Board of survey for financial year 2025/2026 to identify the assets due for disposal in accordance with Regulation 2 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023.
2. Actively follow up with the Chief Mechanical Engineer from the Ministry of Works and Transport to value the unserviceable assets so as to expedite the disposal process in accordance with Regulation 24 (1) and 2 (a) of the PPDA (Disposal of Public Assets) Regulations, 2023.
3. Moving forward, execute the annual Board of Survey and disposal planning within the prescribed statutory timelines to prevent the accumulation of obsolete assets and optimize asset values in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3 Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements, where applicable

2.3.1 Irregular Withholding Tax (WHT) deductions

Section 119 (1) of the Income Tax Act, Cap 340 provides that: *"Where the Government of Uganda, a Government institution, a local authority, any company controlled by the Government of Uganda, or any person designated in a notice issued by the Minister, in this section referred to as the "payer", pays an amount or amounts in aggregate exceeding one million shillings to any person in Uganda: (a) For a supply of goods or materials of any kind; or (b) For a supply of any services; the payer shall withhold tax on the gross amount of the payment at the rate prescribed in Part VIII of the Third Schedule to this Act, and the payer shall issue a receipt to the payee."*

The Authority noted that the Entity deducted withholding tax on the amounts inclusive of VAT in five procurements worth UGX. 768,021,998 as detailed in Table 10 below. This was attributed to the misinterpretation of the term "Gross Amount" which refers to the value of the goods/services before VAT is added.

Table 10: Procurements with irregular withholding tax deductions

No	Subject of Procurement	IPC No.	Amount withheld by Entity, that was inclusive of VAT	Correct amount that should have been withheld, exclusive of VAT	Variance (UGX)	Total Variance (UGX)
1.	Construction of a 2-classroom block at Odravu Primary School worth UGX. 137,905,656	IPC No.1	3,759,727	3,160,832	598,895	1,262,188
		IPC No.2	4,164,005	3,500,712	663,293	
2.	Construction of a 3-classroom block at Yetemye Primary School worth UGX. 192,091,020	IPC No.1	7,688,447	6,463,738	1,224,709	1,758,028
		IPC No.2	3,348,057	2,814,738	533,319	
3.	Construction of a 3-classroom block at Aripezu Primary School worth UGX. 189,843,710	IPC No.1	3,694,650	3,106,122	588,528	1,736,205
		IPC No.2	7,204,863	6,057,186	1,147,677	
4.	Renovation of a 2-classroom block at Arua Demonstration worth UGX. 108,941,612	IPC No.1	3,949,187	3,320,113	629,074	996,051
		IPC No.2	2,303,797	1,936,820	366,977	
5.	Construction of a 2-classroom block at Ragem Primary worth UGX. 139,240,000	IPC No.1	8,000,400	6,726,000	1,274,400	1,274,400
	Totals		**44,113,133**	**37,086,261**	**7,026,872**	**7,026,872**

Implication
Excess withholding tax deductions of UGX. 7,026,872 unfairly deprived providers of their necessary cash flow. This underpayment not only created a risk of legal disputes and strained provider relations but also constituted a failure to meet statutory tax compliance requirements.

Management Response
We noted that the deduction of withholding tax (WHT) from totals that included the 18% VAT was done erroneously. We are working towards paying the excess tax deductions with the retention monies, following the expiry to the Defect Liability Period (DLP). This anomaly arose because the payment certificates had a total value with 18% VAT. The 6% WHT which was supposed to be calculated from the net value before application of the 18% VAT could only be achieved with manual input into the system which was a challenge. Once the total with the 18% VAT was input in the system, it automatically charged the 6% WHT on the amount with the 18%VAT and this was a dilemma. However, in the current financial year the anomalies are being addressed, with the 18% VAT and 6% WHT calculations re-aligned to avoid the anomalies.

Recommendation
The Accounting Officer should task the Finance / Accounts Unit to immediately reconcile the excess amounts to the affected providers and going forward, strictly apply Withholding Tax to the net amount (VAT-exclusive) as required by Section 119 (1) of the Income Tax Act, Cap. 304.

2.3.2 Physical verification gaps
Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023 provides that *"A Contract Manager shall ascertain that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract."*

The Authority observed anomalies in 10 procurements worth UGX. 2,776,532,001 as detailed in Table 11 below, due to inadequate project oversight and quality controls.

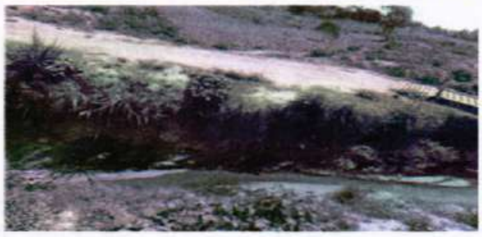
Table 11: Procurements with implementation anomalies

No.	Subject of Procurement	Exceptions
1.	Drilling of a production borehole in Muni Ward worth UGX. 38,954,160 **Contractor**: True Stars Investments (U) Limited	**Non-execution of contract** The contract, signed on 16th June 2025, stipulated an immediate start with a three-month duration. However, physical verification of the site by the Authority on 12th March 2026 revealed a total lack of performance, with no works executed. This represented a significant delay of seven months and a breach of the terms of the contract agreement. Additionally, the contractor (True Stars Investments (U) Limited) had no drilling permit to undertake the borehole works. **Management Response** *There were multiple dimensions to this project execution, i.e., (construction of Woko bridge worth UGX. 583,531,200; gravelling of 2km of Muni-Ocoko Road worth UGX. 214,679,760; and drilling of a production borehole in Muni Ward worth UGX. 38,954,160).*

No.	Subject of Procurement	Exceptions
		The construction of the Woko bridge was prioritized to allow access, but was hampered by funding unavailability as well as untimely adequate releases. *Secondly, the project spilled over from FY 2024/2025 because the Ministry of Energy and Mineral Development (MEMD) released only UGX. 99,873,002 without guaranteeing the funding prospects at the close of the financial year. The funds released partially financed the first Interim Payment Certificate (IPC No.1) valued at UGX. 109,900,862 only. The second funds released in December 2025 financed the second Interim Payment Certificate of UGX. 166,024,569 leaving the balance from IPC No.1 pending. To date, there has been no further release of funds or formal communication from the MEMD on the funding status as per the MoU signed with Arua City Council, hence posing funding uncertainties on the contract signed between the City and the contractor (True Stars Investments (U) Limited).* *The contractor requested the approval of subcontracting the drilling component to permitted drilling companies which was considered by the City on condition that the work will be done within the budget and the quality required by the City, but no action was taken due to the funding uncertainties. It was also envisaged that the independent procurement of licensed drilling companies would attract higher prices than the available budget in contrast to opting for the same company for the whole project lots.* *Thirdly, the funding was phased out as per the separate contracts' initial batch of funding - specifically to finance the Woko bridge as the major and core component. The first and second releases financed less than 50% of the bridge's cost, therefore, the other components of the project could not start before the bridge was fully funded by default in practical terms.* *An official follow-up letter on the matter, dated 20th May 2026, was submitted to the Permanent Secretary of the Ministry of Energy and Mineral Development, pending a formal response.* **Authority's comment** We noted Management's explanation regarding phased funding, cash flow constraints and delayed releases from the Ministry of Energy and Mineral Development (MEMD); however, the core issues of contract non-execution, unauthorized regulatory gaps and poor project risk management remained unaddressed: i. Management acknowledged that the contractor, True Stars Investments (U) Limited, lacked the mandatory statutory drilling permit. Awarding a contract to the contractor without

No.	Subject of Procurement	Exceptions
		verifying their regulatory capacity to execute the specific scope of work was irregular. ii. Management only sent a formal follow-up letter to the Permanent Secretary of MEMD on 20th May 2026, more than two months after the Authority's physical verification exposed the non-performance and nearly a year after the contract was signed. This indicated a reactive rather than proactive approach to project risk management. iii. Management's defense that the Woko bridge was a "practical prerequisite" for the borehole works, did not absolve them from the fact that no formal contract amendment or addendum was executed to legally pause or phase the borehole component. Allowing a contract to sit in total non-performance for seven months without legal protection exposed the Entity to litigation and financial risk.
2.	Gravelling of 2km of Muni – Ocoko Road worth UGX. 214,679,760 **Contractor**: True Stars Investments (U) Limited	**Non-execution of contract** The contract, signed on 4th July 2025, stipulated an immediate start with a three-month duration. However, physical verification on 12th March 2026 revealed a total lack of performance, with no works executed. This represented a significant delay of six months and a breach of the terms of the contract agreement. **Status of the road at the time of inspection on 12th March 2026**   *Unpaved road* **<u>Management Response</u>** *The approach road can only be technically done after the Woko bridge is completed according to the work schedule sequencing, but the matter is made worse with the funding uncertainties.* **Authority's comment** While Management's engineering justification regarding project sequencing was acknowledged (i.e., that the approach road cannot practically be constructed until the Woko bridge is complete), it did not absolve them of the responsibility for flawed procurement planning and poor risk management. Bundling highly dependent project components with an "immediate start" and a rigid three-month timeline, despite lacking upfront funding guarantees for the core bridge component, represented a failure in initial project packaging and design.

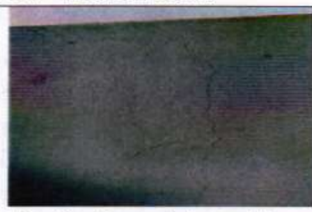
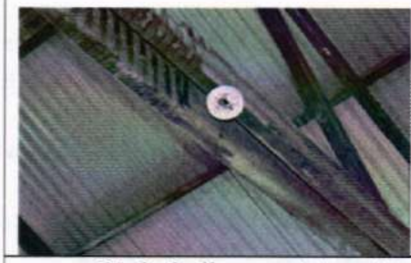
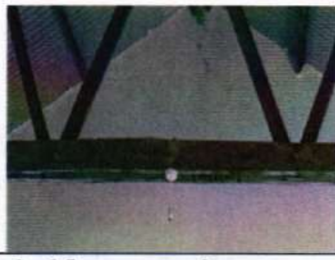
No.	Subject of Procurement	Exceptions
		Furthermore, Management demonstrated weak contract oversight by failing to execute formal administrative or contractual remedies once the funding crisis stalled the project. No official contract addendums or suspension orders were issued to legally adjust the work schedules or freeze the road component, thereby leaving the Entity in breach of its own signed agreement with the contractor. As a result, this approach has unnecessarily delayed critical service delivery to the Muni-Ocoko community for nearly a year.
3.	Construction of Woko Bridge worth UGX. 583,531,200 **Contractor**: True Stars Investments (U) Limited	**Incomplete works** The contract was signed on 4th July 2025 with a provision for an immediate start and a 5-month duration (up to 4th December 2025). Despite the contract terms, a November 2025 Progress Report claimed a start date of 4th October 2025 and an adjusted completion date of 3rd March 2026. There was no formal Commencement Order on file to authorize the delayed start date cited in the progress report. As of November 2025, the measured net works totaled UGX. 103,306,810 and the provider acknowledged receipt of a payment of UGX. 92,918,948 on 28th October 2025. On 12th March 2026, the Authority visited the site and found the works incomplete yet the contract expired. Furthermore, • No contractor workers were on site. • No project signboard was installed. • No warning tapes or signage were installed around areas where the water was diverted yet there was a cost of UGX. 4,985,000 in the Bills of Quantities under Element 1: General, Item 1.4 (a). • The road was completely cut off i.e., the vehicles could not access the other side of the road. The pictorial evidence of site inspection are shown below: **Status at the time of inspection on 12th March 2026** Incomplete box culvert works with no project signboard, warning signages, and workers on site. The people in the picture were Arua City staff. 

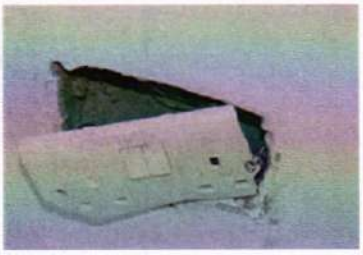
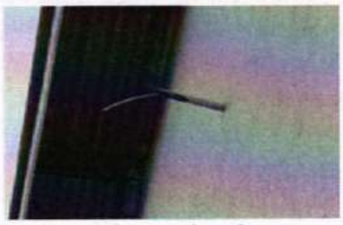
<table>
<tr><th>No.</th><th>Subject of Procurement</th><th>Exceptions</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Cut-off road with no access by motor vehicles.</td><td></td></tr>
<tr><td>Temporary wooden crossing to only support people on foot.</td><td></td></tr>
<tr><td>Lack of signages / warning tape around hazardous deep trenches.</td><td>
</td></tr>
</table>

<u>Management Response</u>
These contractual performance gaps are noted and the contractor was notified and warned for breach of contract in a letter dated 10th February 2026. In addition, the contract anomalies were also discussed in a series of technical and stakeholders' meetings with the contractor's notification for abandoning site issued on 10th February 2026.

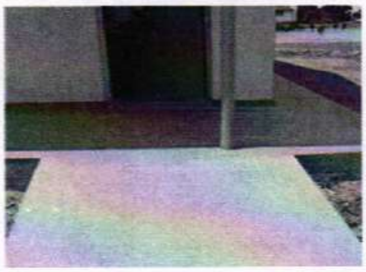
The contract was; however, extended to 30th June 2026 with the expectation that the MEMD will fulfill the obligations stipulated in the MoU to enable Arua City Council meet her contractual obligations. The City is yet to receive responses from the MEMD to inform the proceedings of the works and funding prospects. The contractor has been notified about the signages as a prerequisite requirement prior to start of works, but funding appears to be the limiting factor since earlier payments were prioritized for the main project scope.
</td></tr>
</table>

No.	Subject of Procurement	Exceptions
		Authority's comment Management's response acknowledged the contract anomalies, site abandonment and the lack of basic site requirements (i.e., signboards and safety signs). While the issuance of a warning letter on 10th February 2026 and the subsequent contract extension to 30th June 2026 are noted, the project remains incomplete, the road remains completely cut off and serious compliance breaches persist. i. Management's tolerance of a completely cut-off road and a diverted water channel without warning tapes, barriers, or signage poses an immediate public safety hazard and exposes the City Council to severe third-party legal liabilities. A warning letter cannot substitute for physical safety compliance on an abandoned site. ii. Extending the contract to 30th June 2026 based on a speculative expectation of central government funding, without a concrete commitment from the Ministry of Energy and Mineral Development (MEMD), runs the risk of further extending a stalled, non-performing contract.
4.	Construction of a 2-classroom block at Odravu Primary School worth UGX. 137,905,656 **Contractor**: Quks Enterprises	**Non-implementation of BoQs requirements and quality defects** The Authority found that: i. The classroom was not engraved yet this item was costed at UGX. 600,000 in the BoQs. ii. The timber dado rail in hard wood was not fixed worth UGX. 550,000 contrary to Element No. 13 - Fixtures *("Item B - Supply and install timber dado rail in hard wood of size 100mm X 20mm in all the classrooms at the height of the desk and including vanishing").* iii. A vertical crack had developed in the wall of the classroom. iv. The pin boards were not installed. v. Tree planting was not done yet this was costed at UGX. 400,000 under Element No. 14 - Environmental and Social Mitigation measures *("Item A - Allow for planting of approved grass species and 20 approved trees species around the building").* vi. The rain water disposal system (UPVC gutter to BS 4576) was only done at the back of the classrooms, but not at the front. vii. The contractor installed light bulbs instead of fluorescent lamps as required in the BoQs under Element No. 12 - Electrical Installations *("Item G - 1X18W 600mm single bare batten fluorescent fitting complete with daylight tube switch start and all accessories as Thorn or equal approved - in the 4 classrooms - 4 No. in each classroom").* viii. Power connections were not fixed yet it was provided for at UGX. 800,000 under Element No. 12 - Electrical Installations *("Item E - Provisional sum for Wenreco power connections").*

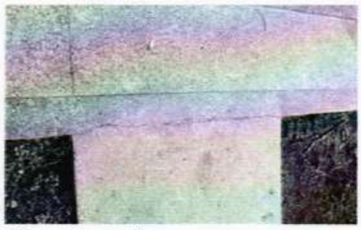
No.	Subject of Procurement	Exceptions
		Status at the time of inspection on 12th March 2026  *Not engraved and no rain water harvest system*  *Vertical crack in wall*   *No pin boards and dado rail in hard wood in the classroom*   *Light bulbs provisions instead of fluorescent lamps*  *No electricity connection* **Management Response** *The items not done at substantial completion were classified under snag list which are to be implemented and monitored during the Defects Liability Period (DLP). These defects will be inspected and certified prior to payment of the retention money. No payment of retention money will be made before these snags are addressed and certified.* **Authority's comment** While management's commitment to withhold retention money until the items are addressed was noted, the classification of omitted

No.	Subject of Procurement	Exceptions
		contract works as "snags" was technically and legally incorrect. The issues identified represented a combination of severe non-performance, unauthorized scope reduction, and structural quality defects that should have prevented the issuance of a Substantial Completion Certificate in the first place.
5.	Construction of a 3-classroom block at Yetemaye Primary School worth UGX. 192,091,020 **Contractor**: Time to Time Enterprises	**Non-implementation of BoQs requirements and quality defects** The Authority found that: i. One fluorescent lamp was missing in the second classroom. ii. The socket was broken in one of the classrooms. iii. The planted trees were not protected. iv. The bulkhead security lighting was not fixed. v. Debris was left on site. **Status at the time of inspection on 12th March 2026**  *Missing fluorescent bulb in the middle*  *Broken socket*   *Front view of completed classroom*  *Bulkheads not fixed*  *Back view of classroom*  *Unprotected tree*  *Debris left on site*

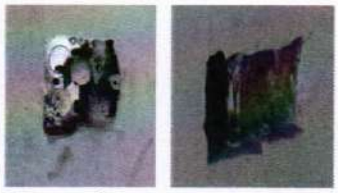
No.	Subject of Procurement	Exceptions
		<u>Management Response</u> *The items not done at substantial completion were classified under snag list which are to be implemented and monitored during the Defects Liability Period (DLP). These defects will be inspected and certified prior to payment of the retention money. No payment of retention money will be made before these snags are addressed and certified.* **Authority's comment** While management's commitment to withhold retention money until the items are addressed was noted, the classification of omitted contract works as "snags" was technically and legally incorrect. The issues identified represented a combination of severe non-performance, unauthorized scope reduction, and structural quality defects that should have prevented the issuance of a Substantial Completion Certificate in the first place.
6.	Construction of a 3-classroom block Aripezu Primary School worth UGX. 189,843,710 **Contractor**: Tabu and Brothers Enterprises	**Non-implementation of BoQs requirements and quality defects** The Authority found that the: i. Blackboard paint was peeling off. ii. Ramps were not levelled at the entrance to the classrooms hence hindering easy access for the PWDs. iii. Timber dado rail in hard wood was not fixed contrary to Element No. 13 - Fixtures *("Item B - Supply and install timber dado rail in hard wood of size 100mm X 20mm in all the classrooms at the height of the desk and including vanishing").* iv. Water harvesting was not done. v. Debris was left on site. vi. Project signboard was not installed. vii. Trees were not planted contrary to Element No. 14 - Environmental and Social Mitigation measures *("Item A- Allow for planting of approved grass species and 20 approved trees species around the building").* viii. Contractor installed light bulbs instead of fluorescent lamps as required in the BoQs under Element No. 12 - Electrical Installations *("Item G - 1X18W 600mm single bare batten fluorescent fitting complete with daylight tube switch start and all accessories as Thorn or equal approved - in the 4 classrooms - 4 No. in each classroom").* **Status at the time of inspection on 12th March 2026**  *Peeling blackboard paint*  *Debris left on site; no rain water harvesting*

No.	Subject of Procurement	Exceptions
		 *Pole obstructing PWD's access to classroom*  *Entrance to classroom with no level threshold hence obstructing access by PWDs* **Management Response** *The items not done at substantial completion were classified under snag list which are to be implemented and monitored during the Defects Liability Period (DLP). These defects will be inspected and certified prior to payment of the retention money. No payment of retention money will be made before these snags are addressed and certified.* **Authority's comment** While management's commitment to withhold retention money until the items are addressed was noted, the classification of omitted contract works as "snags" was technically and legally incorrect. The issues identified represented a combination of severe non-performance, unauthorized scope reduction, and structural quality defects that should have prevented the issuance of a Substantial Completion Certificate in the first place.
7.	Construction of a 2-classroom block at Lufe-Primary School worth UGX. 138,042,300 **Contractor**: True stars Investments (U) Limited	**Non-implementation of BoQs requirements and quality defects** The Authority observed the following: i. There were no gutters for rain water harvesting. ii. The classroom entrance door was not levelled to ground which makes it difficult for PWDs to access the classroom. iii. One pole was placed in front of the entrance to the classroom which makes it difficult for PWDs to access the classroom because it blocks part of the access. iv. The timber dado rail in hard wood worth UGX. 1,100,000 were not installed in all the classrooms. v. Pinboards worth UGX. 200,000 were not fixed. vi. Debris was not removed from the site. vii. The project was not officially commissioned, but was irregularly found in use. viii. Socket fixtures were not completed.

No.	Subject of Procurement	Exceptions
		Status at the time of inspection on 12th March 2026



Crack on the ramp



Incomplete socket installations

No timber dado rail; classroom in use before commissioning

No gutters installed for rain water harvesting; debris left on site; no pinboards

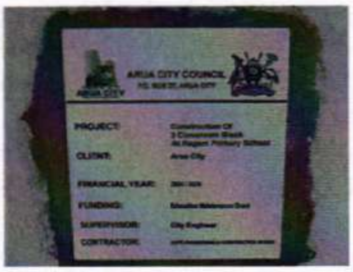
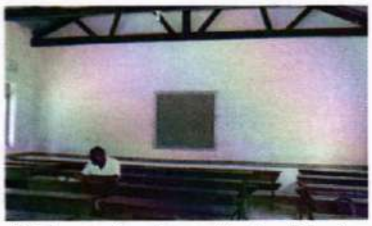
Entrance to classroom with no level threshold hence obstructing access by PWDs

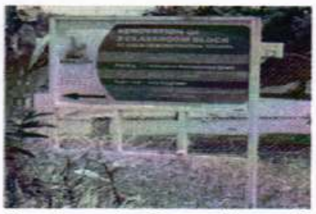
Pole next to the ramp obstructing easy access for PWDs

Unprotected trees; debris on site

Management Response

The items not done at substantial completion were classified under snag list which are to be implemented and monitored during the Defects Liability Period (DLP). These defects will be inspected and certified prior to payment of the retention money. No payment of

No.	Subject of Procurement	Exceptions
		retention money will be made before these snags are addressed and certified. **Authority's comment** While management's commitment to withhold retention money until the items are addressed was noted, the classification of omitted contract works as "snags" was technically and legally incorrect. The issues identified represented a combination of severe non-performance, unauthorized scope reduction, and structural quality defects that should have prevented the issuance of a Substantial Completion Certificate in the first place.
8.	Construction of a 2-classroom block at Ragem Primary School worth UGX. 139,240,000 **Contractor**: Hope Engineering	**Non-implementation of BoQs requirements and quality defects** The Authority found the following: i. No gutters installed for rain water harvesting. ii. Poor finishes on the engraving works, characterized by un-smoothened and unpainted cement borders around the installed marble stone. iii. Debris was left on the site. iv. Unprotected planted trees. v. Lights bulbs fixed instead of fluorescent ones. **Status at the time of inspection on 12th March 2026**  *Poor finishes on the engraving works, characterized by un-smoothened and unpainted cement borders around the installed marble stone.*  *Pinboards installed; Timber dado rail fixed; lights bulbs fixed instead of fluorescent ones*  *No rainwater harvesting works done*  *Unprotected tree*

No.	Subject of Procurement	Exceptions
		 *Project signboard*  *Debris left on site* **Management Response** *The items not done at substantial completion were classified under snag list which are to be implemented and monitored during the Defects Liability Period (DLP). These defects will be inspected and certified prior to payment of the retention money. No payment of retention money will be made before these snags are addressed and certified.* **Authority's comment** While management's commitment to withhold retention money until the items are addressed was noted, the classification of omitted contract works as "snags" was technically and legally incorrect. The issues identified represented a combination of severe non-performance, unauthorized scope reduction, and structural quality defects that should have prevented the issuance of a Substantial Completion Certificate in the first place.
9.	Renovation of a 2-classroom block at Arua Demonstration School worth UGX. 108,941,612 **Contractor**: Ludovic Scosa Limited	**Quality defect** The Authority noted the commendable work executed by the contractor; however, one socket was damaged. **Status at the time of inspection on 12th March 2026**  *Damaged socket*  *Timber dado rail fixed; steel doors fixed; classroom in use* Below were the commendable works observed:  *Classroom labelling done*  *Project signboard installed*

No.	Subject of Procurement	Exceptions
		 *Completed classroom with two tanks for rainwater harvesting* **Management Response** *The item was classified under a snag list which is to be implemented during the Defects Liability Period (DLP). No payment of retention money will be made before the snag is addressed and certified.*
10.	Construction of Onduparaka Market worth UGX. 1,033,302,583 **Contractor**: Ashanty Business Services (U) Limited	**Incomplete works** The Authority observed that: i. The project signboard worth UGX. 1 million was not installed. ii. The fascia boards were poorly stored. iii. The hoarding fence was damaged. iv. There was no waste management plan. As a result, waste was scared on the site. v. The workers were found idle due to lack of building materials. **Status at the time of inspection on 12th March 2026**  *Idle workers on site*  *Incomplete structure*  *Undisposed bricks*  *Poor storage of fascia boards*

No.	Subject of Procurement	Exceptions
		  *Damaged hoarding of the site* | *Incomplete stalls* **Management Response** *The project is still under construction and all the mentioned defects or concerns shall be addressed when works resume. There was temporary suspension of the works due to non-payment of the contractors' certificate since February 2026. The donor, United Nations Capital Development Fund (UNCDF) communicated a shortfall in the funding and inability to fund the project to completion and advised that the remaining UGX. 309,000,000 be prioritized to complete the construction and landscaping to allow the vendors to relocate from the temporary site. The balance if any should be used to complete openings such as for doors and windows, as well as any other scope that fits into the available resource. Arua City Council will plan, budget and allocate resources to complete the project due to limitation of support from the donor (UNCDF). In the meantime, Arua City Council is prioritizing re-scoping the remaining works to fit the available resources as a bare minimum to inform the financial appraisal and management decision. The contractor has also resumed works with a target to complete the works that the available budget can finance.* **Authority's comment** While management's explanation regarding the UNCDF funding shortfall and the ongoing re-scoping exercise was noted, it did not absolve the contractor from basic site operational breaches, environmental non-compliance and the non-delivery of items already priced in the contract preliminaries. Furthermore, the donor's inability to fund the project to completion poses a severe risk of creating a white elephant asset. While the plan to re-scope works to a "bare minimum" (lock-up shell and landscaping) allows for partial vendor relocation, it means that Arua City Council is absorbing an unbudgeted liability to make the market fully functional (doors, windows, and fittings), thereby threatening Value for Money.

Implication

The combination of delays and BoQ deviations indicate a total breakdown of project supervision. This results in Value for Money loss, where the Entity spends significant funds but receives delayed, poor-quality, or incomplete projects that may require further expenditure to be made functional.

Recommendations

1. The Accounting Officer should:
   i. **For Case Nos. 1, 2 & 3**:
      a) Follow up on the letter dated 20th May 2026 to MEMD to secure a definitive funding roadmap, ensuring that future commitments are backed by guaranteed cash flows to avoid project spillovers. If no funding response is received from MEMD before the lapse of the extended contract completion deadline of 30th June 2026, the Accounting Officer should immediately review the contract with True Stars Investments (U) Limited by seeking legal advice from the Attorney General rather than leaving the contract in a perpetual state of breach in accordance with Regulation 56 of the PPDA (Contracts) Regulations, 2023.
      b) Compel the contractor, True Stars Investments (U) Limited, to immediately install warning tapes, signage, and basic safety barriers around the diverted water and cut-off road in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023. Failure to comply, the City Council should use the contractor's retention money for (IPC No.1 & IPC No.2) to secure the site.
   ii. **For case No. 10**: Submit to the Authority evidence of a formal Council resolution regarding the funding gap from UNCDF and a clear budgetary allocation showing how Arua City Council intends to raise and secure the funding to complete the structures so that the market does not become a wasted public asset.

2. **For Cases Nos. 4, 5, 6, 7, 8 & 9**:
   The Contract Managers should issue formal 30-day "Notices to Correct" to all contractors requiring the immediate rectification of defects and completion of outstanding works in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations 2023. Should any contractor fail to comply within the 30 - day window, the retained funds should be used to engage different contractors to complete the outstanding works.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall Audit Conclusion

The performance of Arua City Council for the financial year 2024/2025 was moderately satisfactory with an overall weighted average risk rating of 37.62%.

3.2 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 12 below:

Table 12: Summary of Performance of Arua City Council

Risk Rating	No.	% by No.	Value (UGX)	% by Value	Weight	Total Weighted Score	
						By No.	By Value
High	3	20	837,165,120	13.4	0.6	12	8.04
Medium	2	13.3	1,800,941,436	28.9	0.3	3.99	8.67
Low	10	66.7	3,596,931,698	57.7	0.1	6.67	5.77
Total	**15**	**100**	**6,235,038,254**	**100**	**1**	**22.66**	**22.48**

Weighted Average (By no.) $= \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{22.66}{60} \times 100 = 37.77\%$

Weighted Average (By Value) $= \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{22.48}{60} \times 100 = 37.47\%$

The average weighted risk rating $= \frac{37.77 + 37.47}{2} =$ **37.62%**

Since 37.62% falls within the 31-70& risk range, the performance of the Entity is rated moderately satisfactory as detailed in Table 13 below:

Table 13: Performance Rating

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

GRAPHICAL REPRESENTATION OF THE ENTITY'S PERFORMANCE

Figure 1: Performance by number of contracts

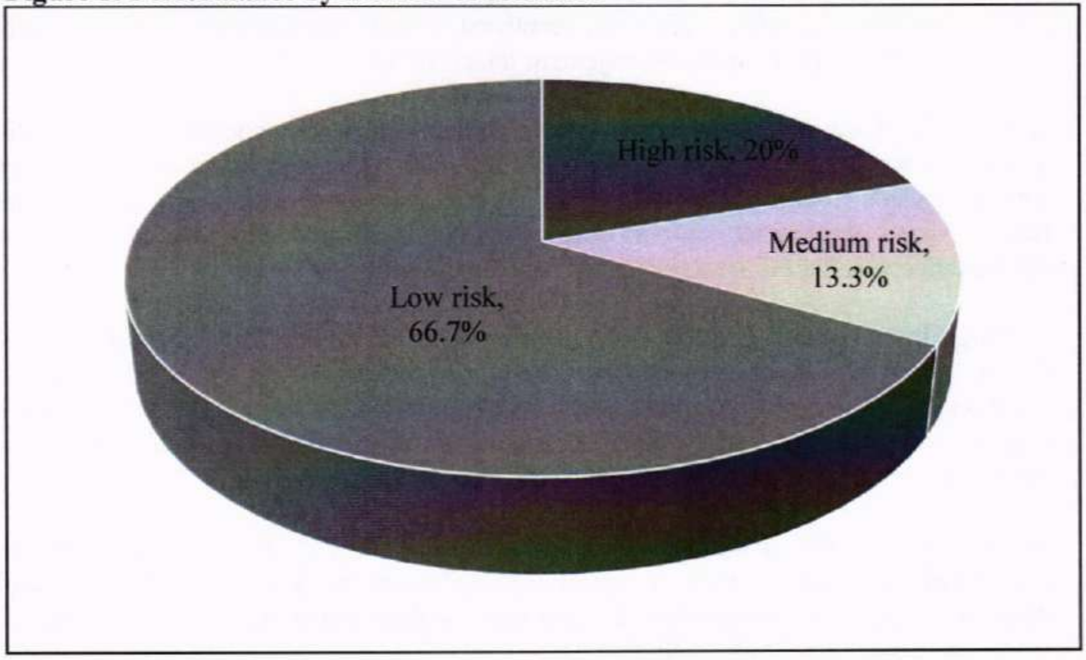
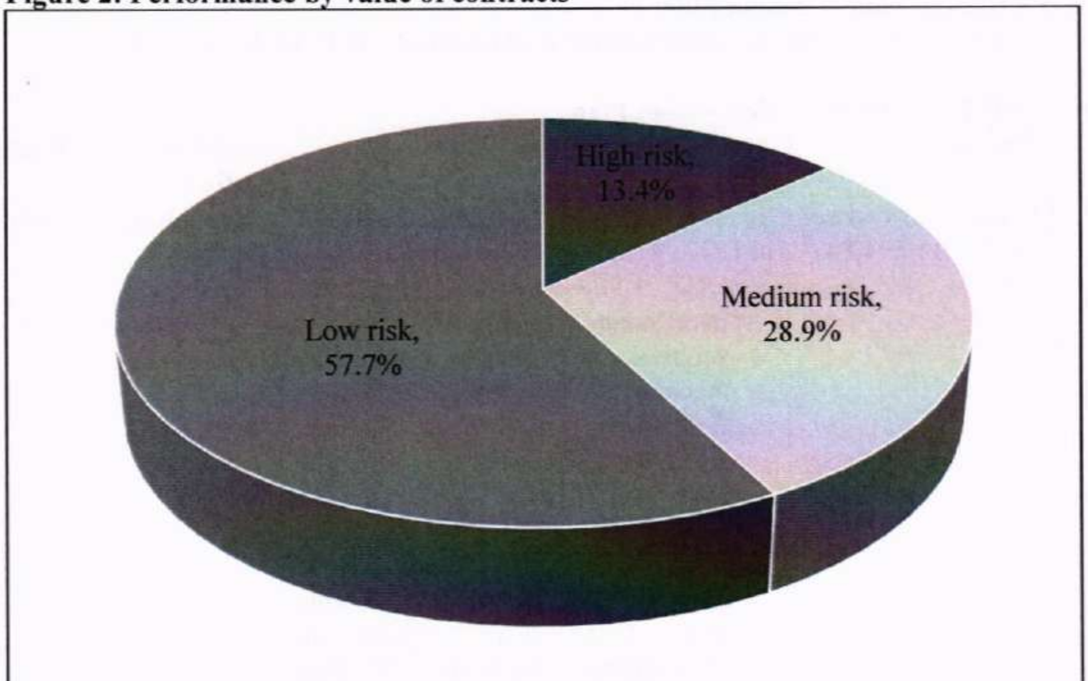


Figure 2: Performance by value of contracts



3.3 Audit Opinion/Conclusion

While Arua City Council maintained the required procurement and disposal structures, and its activities were generally conducted in compliance with the PPDA Act, Cap. 205, PPDA Regulations and Guidelines, the audit identified critical internal control and performance weaknesses that require urgent management intervention.

Specifically, these included a failure to resolve previous audit recommendations leading to an unrecovered financial loss of UGX 211,594,847, alongside low bidder participation, contract awards to non-compliant bidders, contract execution without mandatory Solicitor General approval, contract non-performance marked by abandoned project sites, incomplete works, defects, and a failure to dispose of obsolete assets.

Although these gaps do not completely compromise the procurement and disposal system, they expose operational vulnerabilities in project oversight, risk mitigation, and fiscal discipline. Left uncorrected, this pattern of procedural deviations and weak supervisory controls will continue to stall critical community infrastructure, drain public resources and directly obstruct the realization of public service mandates.

Accordingly, the performance of Arua City Council for FY 2024/2025 was assessed as **moderately satisfactory**, with an overall weighted average risk rating of **37.62%**, requiring targeted management interventions to strengthen contract performance and compliance with the statutory and regulatory requirements.

3.4 Recommended Action Plan

Arua City Council should implement the recommendations in Table 14 below:

Table 14: Recommended Action Plan

Finding	Action/ Recommendation	Responsible Officer	Timeline
Failure to recover UGX. 211,594,847.	Recover and submit evidence to PPDA of UGX. 211,594,847 as follows: 1. UGX 1,900,000 from True Stars Investment (U) Limited, for the supply of plastic recycling machine/plastic bank (Procurement Reference Number: ARUA851/SPLS/2022-2023/00022). 2. UGX 5,750,847 from Goodmax Services Limited for supply of two units of motorcycles for Planning and Commercial Department (Procurement Reference Number: ARUA851/SPLS/2022-2023/00021). 3. UGX 1,944,000 from Ziku & Bros Joint Repair Ltd., for the procurement of supply of tree seedlings under the Mayor's Migration Council for Institutional	Accounting Officer	30 days

Finding	Action/ Recommendation	Responsible Officer	Timeline
	Greening (Procurement Reference Number: ARUA851/SPLS/2022-2023/00023). 4. UGX 90,000,000 from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market for FY 2022/2023. 5. UGX 112,000,000 from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY 2022/2023.		
Failure to implement PPDA audit recommendations.	1. Develop a detailed corrective action plan. 2. Hold key stakeholders accountable if the implementation deadlines are breached.	Accounting Officer	14 days
Implementation of contract above UGX. 200M without clearance from the Attorney General.	Obtain the Attorney General's approval of contracts above UGX. 200 million.	Accounting Officer	1st July 2026
Irregular Withholding Tax (WHT) deductions.	1. Reconcile the excess 6% WHT deductions for the affected providers. 2. Apply WHT strictly to the net amount (VAT-exclusive).	Finance/ Accounts Unit	Immediate
Incomplete works for the construction of Woko bridge worth UGX. 583,531,200; and non-execution of two contracts namely: • Gravelling of 2km of Muni–Ocoko Road worth UGX. 214,679,760 • Drilling of a production borehole in Muni Ward worth UGX. 38,954,160	1. Follow up with MEMD to secure a guaranteed funding roadmap and prevent project spill overs. 2. Seek legal advice from the Attorney General to review the True Stars Investments (U) Limited contract if MEMD provides no funding response by 30th June 2026. 3. Compel True Stars Investments (U) Limited to install warning tapes, signage, and safety barriers at the Woko bridge site. 4. Utilize retention money to secure the site if the contractor fails to install safety measures.	Accounting Officer	Immediate

Finding	Action/ Recommendation	Responsible Officer	Timeline
Incomplete works for the construction of Onduparaka Market worth UGX. 1,033,302,583 funded by UNCDF.	1. Submit to the Authority proof of a formal Council resolution regarding the UNCDF funding gap. 2. Provide the budget allocation showing how Arua City Council will raise and secure funds to complete the market structures.	Accounting Officer	30th July 2026
Non-disposal of unserviceable assets.	1. Constitute a Board of Survey team for FY 2025/2026. 2. Coordinate with the Chief Mechanical Engineer (Ministry of Works and Transport) to value the identified assets. 3. Fast-track the disposal process.	Accounting Officer	1st July 2026
Failure to report executed procurements to the Authority.	Coordinate with User Departments to report all Entity procurements by the 15th day of the following month.	Procurement and Disposal Unit/ User Departments	Monthly
Delayed initiation of procurement requisitions.	Confirm procurement readiness with User Departments before the planned bid invitation date.	Procurement and Disposal Unit	30 days
Inadequate Competition.	Remove unresponsive firms from the pre-qualified providers list if they fail to submit bids without justification.	Procurement and Disposal Unit	Annually
Unimplemented planned procurements.	Inform the PDU to update the procurement plan whenever departmental workplans change.	User Departments	Quarterly
Defects and non-implementation of BoQs requirements for the construction and renovation of classroom blocks.	1. Issue 30-day "Notices to Correct" to the contractors to fix defects and complete outstanding works. 2. Use retained funds for alternative contractors if compliance fails within 30 days.	Contract Managers	Immediate
Passing non-compliant bidders.	Adhere to the evaluation criteria approved in the bidding documents.	Evaluation Committees	1st July 2026
Irregular bid evaluations.	Reject flawed evaluation reports.	Contracts Committee	1st July 2026

APPENDICES

Appendix I: List of audited files for FY 2024/2025

No.	Reference Number	Subject of Procurement	Method of Procurement	Name of Provider	Contract Amount (UGX)	Risk Rating
1.	Arua601/Wrks/24-25/00013	Phased construction of office block at Ayivu Division Headquarters	Restricted Domestic bidding	Benzak Infrastructure Development(U) Limited	1,345,586,400	Low
2.	Arua601/Wrks/24-25/00002	Construction of three classroom block at Yetemaye Primary School	Request for Quotation	Time to Time Enterprises	192,091,020	Low
3.	Arua601/Spls/24-25/00009	Supply of one new 140 GC motor grader (caterpillar)	Selective bidding	Mantrac (Uganda) Limited	1,197,405,000	Low
4.	Arua601/Wrks/24-25/00030	Construction of Woko Bridge	Request for Quotation	True stars Investments (U) Limited	583,531,200	High
5.	Arua601/Wrks/24-25/00029	Construction of Onduparaka Market	Request for Quotation	Ashanty Business Services (U) Limited	1,635,078,936	Medium
6.	Arua601/Wrks/24-25/00029	Gravelling of 2km of Muni-Ocoko Road	Request for Quotation	True stars Investments (U) Limited	214,679,760	High
7.	Arua601/Wrks/24-5/00006	Construction of three classroom block at Aripezu Primary School	Request for Quotation	Tabu and Brothers Enterprises	189,843,710	Low
8.	Arus601/Wrks/24-25/00005	Construction of two classroom block at Ragem Primary School	Request for Quotation	Hope Engineering	139,240,000	Low
9.	Arua601/Wrks/24-25/00003	Construction of two classroom block at Lufe Primary School	Request for Quotation	True stars Investments (U) Limited	138,042,300	Low
10.	Arua601/Wrks/24-25/00005	Construction of 5 stance VIP Latrine at Orawa P/S	Request for Quotation	Judean Hills Limited	32,876,000	Low
11.	Arua601/Wrks/24-25/00004	Construction of two classroom block at Odravu Primary School	Request for Quotation	Quks Enterprises	137,905,656	Low

No.	Reference Number	Subject of Procurement	Method of Procurement	Name of Provider	Contract Amount (UGX)	Risk Rating
12.	Arua601/Wrks/24-25/00008	Renovation of two classroom block at Arua Demonstration Primary School	Request for Quotation	Ludovic Scosa Limited	108,941,612	Low
13.	Arua601/Ncons/24-25/0000	Purchase of land for compost plant	Direct procurement	Jovinal Efitre	165,862,500	Medium
14.	Arua601/Wrks/24-25/00032	Drilling of a production borehole in Muni Ward	Request for Quotation	True stars Investments (U) Limited	38,954,160	High
15.	Arua601/Spls/24-25/00002	Supply of 500 three-seater desks to Primary schools	Request for Quotation	Tabu & Brothers Enterprises	115,000,000	Low
	Total				**6,235,038,254**	

Appendix II: Risk Rating Criteria

Risk	Description
High	Such procurements are considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the Entity's reputation. Such cases warrant immediate attention by Senior Management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".
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.
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.
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 III: Procurements not reported to the Authority

No	Subject of Procurement	Amount (UGX)
1.	Revenue collection from Arua main market	80,000,000 per month
2.	Revenue collection from the abattoir	20,000,000 per month
3.	Revenue collection from loading and offloading in Arua Central Division	38,000,000 per month
4.	Revenue collection from street parking	8,000,000 per month
5.	Revenue collection from Arua Taxi Park	23,000,000 per month
6.	Revenue collection from Dadamu and Ariceni markets	1,600,000 per month
7.	Revenue collection from Otokoa market	1,700,000 per month
8.	Revenue collection from Itia market	100,000 per month
9.	Revenue collection from Kigo market	300,000 per month
10.	Revenue collection from Onzivu market and toilet	4,800,000 per month
11.	Revenue collection from Riki market	400,000 per month
12.	Revenue collection from Onduparaka market	1,700,000 per month
13.	Revenue collection from Ediofe Eyitia market	2,000,000 per month
14.	Revenue collection from Driwala-BAT market	300,000 per month
15.	Revenue collection from Nyawunyawu market	150,000 per month
16.	Revenue collection from Enyau Livestock market	80,000 per month
17.	Revenue collection from Ediofe Slaughter slab	100,000 per month
18.	Revenue collection from Odramacaku main market	800,000 per month
19.	Revenue collection from Kololo market	50,000 per month
20.	Revenue collection from Andelizu market	300,000 per month
21.	Revenue collection from Liria market livestock	700,000 per month
22.	Revenue collection from Oluodri market	200,000 per month
23.	Revenue collection from Ndrowusi market	100,000 per month
24.	Revenue collection from Mangasaba market	200,000 per month
25.	Revenue collection from Edroni market	50,000 per month
26.	Revenue collection from Eraka market	50,000 per month
27.	Revenue collection from Lia market	250,000 per month
28.	Revenue collection from Odramacaku Livestock market	3,500,000 per month
29.	Revenue collection from loading and offloading from Lia market	500,000 per month

No	Subject of Procurement	Amount (UGX)
30.	Revenue collection from loading and offloading from Odramacaku market	750,000 per month
31.	Revenue collection from Ombeteni market	400,000 per month
32.	Revenue collection from Oria market	150,000 per month
33.	Revenue collection from Anipala market	200,000 per month
34.	Revenue collection from Iddi Amin Road toilet	700,000 per month
35.	Revenue collection from Hospital Road toilet	600,000 per month
36.	Revenue collection from Central Police station toilet	300,000 per month
37.	Revenue collection from Adriko Cell toilet	150,000 per month
38.	Revenue collection from produce fee from Lia, Paidha, Odramacaku and Pajulu	600,000 per month
39.	Revenue collection from street parking fee from Onzivu, Ediofe Eyitia and Odramacaku	150,000 per month
40.	Revenue collection from Ajirikoli market	50,000 per month

Supply of heavy-duty multi-purpose motor grader and taming rammer worth UGX. 1,197,405,000 on 12th March 2026