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

COMPLIANCE INSPECTION REPORT FOR KUMI MUNICIPAL COUNCIL FOR THE FINANCIAL YEAR 2024/2025

JUNE 2026

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQ	Bills of Quantities
CC	Contracts Committee
CIPS	Chartered Institute of Purchasing and Supply
EC	Evaluation Committee
ESHS	Environment, Social, Health, Safety
FY	Financial Year
GCC	General Conditions of Contract
LPO	Local Purchase Order
LTD	Limited
MBA	Masters in Business Administration
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
RFQ	Request for Quotations
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
SCC	Special Conditions of Contract
SOR	Statement of requirements
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance inspection of Kumi Municipal Council, covering a sample of 11 procurement transactions worth UGX 1,333,669,868 for the Financial Year 2024/2025.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Kumi Municipal Council's procurement and disposal system and process with the provisions of the PPDA Act, Cap. 205, and the PPDA Regulations 2023, and assess the level of procurement and disposal performance.

Based on the findings of the compliance inspection, the performance of Kumi Municipal Council for the Financial Year 2024/2025 was Moderately Satisfactory, with a weighted average risk rating of **67%,** as detailed in Chapter 3 of the report.

The following exceptions were noted:

1. **Understaffed Procurement and Disposal Unit.** Section 28 (1) (c) of the PPDA Act, Cap. 205 requires an Accounting Officer to ensure the establishment of the Procurement and Disposal Unit and its staffing at an appropriate level. The Authority found that the Unit was understaffed and lacked a Procurement Assistant, contrary to the Municipal Council's structure, which requires the Entity to have a Procurement Officer and an Assistant Procurement Officer. The absence of the second officer was attributed to insufficient wage funding to support the remuneration of the additional staff member. An understaffed Procurement and Disposal Unit could lead to inefficiencies that might cripple the procurement system, thereby preventing the Entity from delivering services optimally to the intended beneficiaries.

2. **Failure to fully implement 54% of the previous audit recommendations.** Section 10 (1) (a) of the PPDA Act, Cap. 205 requires an Entity to take corrective action in response to the Authority's recommendations, as may be necessary in the circumstances to rectify the breach. The Authority found that the Entity had been issued its previous audit report for the Financial Year 2022/2023 on 24th June 2024. Out of the 13 recommendations made, 4 (46%) was fully implemented, one (1%) were partially implemented, and six (46%) were not implemented. Failure to fully implement audit recommendations undermines the effectiveness of the procurement function, exposes the Entity to ongoing risks of non-compliance and inefficiency, and indicates a weak implementation mechanism within the Entity.

3. **Inadequate storage facilities for the Procurement and Disposal Unit.** Section 33 (o) of the PPDA Act, Cap. 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process. However, the Authority found that the Unit lacked adequate storage facilities for procurement files and records. At the time of the audit, procurement documents were found piled on the floor and stacked on top of one another due to a shortage of filing cabinets. This exposes the records to risks of damage, loss, vandalism, theft, and misplacement.

4. **Failure to reserve procurement for Women, Youth, and Persons with Disabilities.** Under Guideline 11 of 2024, Section 2.1(i), every Procuring and Disposing Entity is required to allocate at least 15% of its annual procurement plan budget to registered associations representing Women, Youth, and Persons with Disabilities. The Authority found that the procurement plan was developed without provisions to reserve portions of

procurement for these designated groups. Failure to include Women, Youth, and Persons with Disabilities frustrates the Government of Uganda's efforts to increase their participation in public procurement.

5. **Inaccurate reporting.** Section 48 of the PPDA Act, Cap. 205 requires all procurement and disposal shall be conducted in a manner which promotes transparency, accountability. The Authority found that the Entity inaccurately reported the contract values for five procurement transactions totalling to UGX 311,789,718. Inaccurate reporting inhibits proper monitoring of procurement spend, poses a compliance risk to the Entity, and may negatively affect accountability of procurement spend.

6. **Contracting and the issuance of call-off orders to firms that did not participate in the bidding process.** Section 48 of the PPDA Act, Cap. 205, requires that all procurement and disposal be conducted in a manner that promotes transparency, accountability and fairness. Section 52 of the PPDA Act, Cap. 205, requires all procurement and disposal to be carried out in accordance with the code of ethics specified by the Authority. The Authority found that the entity contravened these basic principles of public procurement and disposal in two procurements under the framework. Signing contracts to firms that did not participate in the bidding process, and issuing call-off orders to firms without existing framework agreements undermines transparency, competition, and accountability, while exposing the Entity to non-compliance risk and potential legal liability. It is also a red flag for unethical tendencies among the members of the contracts committee and the Head, Procurement and Disposal Unit.

7. **Inadequately drafted bidding documents.** Contrary to Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, the Authority found weaknesses and inadequacies in the bidding documents for eight procurements worth UGX 1,110,741,506. These included: failure to comprehensively set out the documents forming part of the contract, failure to state the bid validity period in days rather than a specific date, and failure to attach bills of quantities and other required documents. Inadequate information in the bidding documents may lead bidders to misunderstand the Entity's requirements and subsequently submit non-responsive bids. It may also confuse bidders and create potential conflicts with the Entity.

8. **Inefficiencies in the procurement process.** Section 51 of the PPDA Act, Cap. 205 requires all procurements to be conducted in a manner that promotes efficiency. The Authority found that in four procurements worth UGX 430,107,437, there was an average delay of five months and 20 working days from procurement initiation to the issuance of the bidding document. The delays were mainly caused by User Departments failing to submit the statements of requirements in time. Inefficiencies in the procurement process delay service delivery.

9. **Failure to prepare a disposal plan and dispose of obsolete items.** Regulation 2(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 requires an Accounting Officer, in each financial year, to cause the public assets of a Procuring and Disposing Entity to be reviewed to identify those to be disposed of in the following financial year. The Authority found that the Entity lacked a disposal plan despite having a Board of Survey report for the financial year 2024-2025. Failure to prepare a disposal plan delays the commencement of the disposal process, leading to the continued accumulation of assets due for disposal. This results in unnecessary occupation of valuable storage space, reduced operational efficiency, and further depreciation of the assets' value.

10. **Failure to have provisions regarding Environment, Social, Health and Safety issues, including Gender issues, in the statement of requirements.** Section 66 of the PPDA Act, Cap. 205 requires a Procuring and Disposing Entity to take into account environmental protection and social inclusion. The Authority found that the procurement for the supply and installation of solar lights, valued at UGX 34,225,000, lacked ESHS aspects in the bidding document and the resulting contract. Failure to include ESHS aspects in bidding documents and contracts may pose significant health and safety risks to workers and the public.

Key Recommendations:

1. The Accounting Officer should;
   i. Prioritise strengthening the Procurement and Disposal Unit by engaging the relevant authorities to secure adequate wage allocation for the recruitment of a Procurement Assistant, in line with the approved staff structure in accordance with Section 28 1 (c) of the PPDA Act, Cap. 205;
   ii. Establish and appoint a dedicated task force to effectively monitor and implement all audit recommendations. The task force should develop a suitable workplan to systematically implement all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205;
   iii. Fast-track the construction of the administration block to facilitate the Procurement and Disposal Unit with sufficient space and filing cabinets to properly execute its function in accordance with Section 33 (o) of the PPDA Act, Cap. 205;
   iv. Earmark 15% of the annual procurement plan for award of contracts to registered associations of Women, Youth, and Persons with Disabilities in accordance with Guideline 11 of 2024, Clause 2.1 (i), which mandates reserving at least 15% of the annual procurement budget for these groups;
   v. Task the Contracts Committee to explain why contracts were awarded to M/s Jarplex Co. Limited and M/s Yusufu Ayub Motor Garage Ltd without undertaking a due competitive bidding process and submit a detailed explanation and basis upon which these contracts were awarded;
   vi. Desist from signing contracts unless the Contracts Committee makes an award decision in accordance with Regulation 6 (1) (a) of the PPDA (Contracts) Regulations, 2023;
   vii. Only approve the initiation of a procurement requirement with the respective statements of requirements in accordance with Regulations 3 (2) (a) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
   viii. Strengthen engagements with bidders to actively encourage their participation in the Entity's procurement and disposal processes to promote competitive bidding in accordance with Section 49 of the PPDA Act, Cap. 205;

ix. Together with the Head, Procurement and Disposal Unit should plan for the disposal of assets in a timely manner in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023;
x. Task Contract Managers to perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.

2. The Contracts Committee should:
   i. Carefully review evaluation reports and ensure that principles of fairness and transparency are observed during the evaluation process in accordance with Section 48 of the PPDA Act, Cap. 205 before approving the evaluation reports;
   ii. Issue a decision on any matter or request submitted to it by the Procurement and Disposal Unit within ten working days in accordance with Regulation 7 (3) of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
   iii. Scrutinise all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

3. The Head, Procurement and Disposal Unit should:
   i. Accurately report all awarded procurements using Form 2, monthly report on procurement, as provided under the Schedule to the PPDA (Procurement and Disposing Entities) Regulations, 2023;
   ii. Uphold ethical principles in conducting procurement and disposal activities in accordance with Section 52 of the PPDA Act, Cap. 205.
   iii. Ensure compliance with the PPDA Act Cap. 205, PPDA Regulations and uphold best practices in accordance with Section 34 (c) of the PPDA Act, Cap. 205.
   iv. Prepare and issue bidding documents that have clear, complete, and precise information that defines the procurement requirement without leaving room for doubt, ambiguity, or assumption by bidders in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Section 67 (2) (a) (b) of the PPDA Act, Cap. 205;
   v. While drafting bidding documents, always state the bid validity date in accordance with Regulation 62 (1) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
   vi. Consolidate the assets identified for disposal into a formal disposal plan and commence the necessary disposal processes in accordance with Regulation 2(2) of the PPDA (Disposal of Public Assets) Regulations, 2023.

4. User Departments should initiate a process for disposal of public assets where the board of survey report of the entity recommends for the disposal of a public asset in accordance with Regulation (3) (2) (Disposal of Public Assets) Regulations, 2023.

Kumi Municipal Council should implement the recommended action plan on pages 31, 32 and 33 of the compliance inspection report.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection of Kumi Municipal Council, covering a representative sample of 11 procurement transactions worth UGX 1,333,669,868 for Financial Year 2024/2025. The audit involved a review of procurement structures, procurement and asset disposal processes, and contract performance, in accordance with the Public Procurement and Disposal of Assets Act Cap. 205 and the attendant PPDA Regulations.

1.2 Overall Objective

The overall objective of the audit was to assess and establish the degree of compliance of Kumi Municipal Council's procurement system, process and disposal process with the provisions of the Public Procurement and Disposal of Public Assets Act, Cap. 205, and the PPDA Regulations, 2023, and to assess the level of procurement performance over the audit period.

The specific objectives were to:

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap. 205, and the attendant PPDA Regulations regarding the performance of the procurement structures and the conduct of the procurement process;
2. Assess the extent to which the Entity's disposal process complies with the provisions of the PPDA Act Cap. 205 and the PPDA (Disposal of Public Assets) Regulations 2023; and
3. Assess the efficiency and effectiveness of contract implementation, including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3 Structure of the Entity

The key players in the procurement structure at Kumi Municipal Council include the Town Clerk (Accounting Officer), the Contracts Committee, the Procurement and Disposal Unit, and the User Departments.

i. Accounting Officer

Section 28 (1) of the PPDA Act, Cap. 205 gives the Accounting Officer overall responsibility for the successful execution of procurement, disposal and contract management within the Procuring and Disposing Entity. At the time of the inspection, the Accounting Officer was the Town Clerk, Mr Ronald Ross Baganzi.

ii. Contracts Committee membership

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

Table 1: Contracts Committee Membership

No.	Name	Position	Date of Appointment	Job Title
1.	Ms. Apolot Jane Frances	Chairperson	13th December 2022	Head of Production
2.	Mr. Henry Odongo	Secretary	13th December 2022	Senior Accounts Assistant
3.	Mr. Benard Okanya	Member	13th December 2022	Accountant
4.	Ms. Marion Kongai	Member	13th December 2022	Senior Environment Officer

5.	Ms. Mary Acham	Member	13th December 2022	Commercial Officer

1.4 Procurement and audit Scope

The audit involved a review of the procurement and disposal processes, general compliance issues, and contract implementation of 11 procurement transactions under Financial Year 2024/2025. The list of sampled transactions is contained in Annex 2. Table 2 below details the distribution of the transaction population and the sample.

Table 2: Distribution of the Transaction Population and Sample

	POPULATION			SAMPLE		PERCENTAGE	
No.	Procurement method	**Value (UGX)**	**No**	**Value (UGX)**	**No**	**No.**	**Value**
1.	Open bidding	720,229,368	94	661,523,635	3	3.2	91.9
2.	Request for Quotation	1,024,799,371	74	672,146,233	8	10.8	65.6
	Total	**1,745,028,739**	**168**	**1,333,669,868**	**11**	**6.6**	**76.4**

1.5 Audit methodology

The Authority examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to form audit conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and related processes. At the end of the document review, a physical verification was undertaken to assess the level of contractual delivery and fitness for purpose.

Three officers conducted the exercise under the supervision of the Regional Manager. During the audit exercise, the team examined records of sampled procurements and held interviews with the staff from the Procurement and Disposal Unit and other User Departments to obtain crucial qualitative information about the internal control systems and processes in place.

The inspection commenced on 24th November 2025. A debrief meeting to address all pending issues that arose during the audit was held with the Entity management and staff on 27th November 2025, before the auditors could embark on preparing the management letter. The Authority prepared the management letter, which was sent to the Entity on **14th May 2026,** requesting a management response by **22nd May 2026;** the response was submitted on **25th May 2026**.

On completion of data collection and before writing the report, the Regional Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings for each sampled transaction. The audit report presents the key findings and conclusions.

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

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

2.1.1 Understaffed Procurement and Disposal Unit

Section 28(1) (c) of the PPDA Act, Cap. 205 requires an Accounting Officer to ensure the establishment of the Procurement and Disposal Unit and its staffing at an appropriate level. The Audit found that the Unit was understaffed and lacked a Procurement Assistant, contrary to the Municipal Council's structure, which requires the Entity to have a Procurement Officer and an Assistant Procurement Officer. The absence of the second officer was attributed to insufficient wage funding to support the remuneration of the additional staff member.

Implication

An inadequately staffed Procurement and Disposal Unit could lead to inefficiencies that might cripple the procurement system, thereby causing the Entity to fail to deliver services optimally to the intended beneficiaries.

Management Response

Management takes note of the advice, and efforts have been made to assign an Assistant Inventory Management Officer to support the procurement and disposal unit's office operations, while the Entity is seeking additional wages to allow recruitment for vacant positions.

Recommendation

The Accounting Officer should prioritise strengthening the Procurement and Disposal Unit by engaging the relevant authorities to secure adequate wage allocation for the recruitment of a Procurement Assistant without further delay, in line with the approved staff structure and Section 28(1) (c) of the PPDA Act, Cap. 205.

2.1.2 Failure to fully implement 54% of the previous audit recommendations

Section 10 (1) (a) of the PPDA Act, Cap. 205 requires an Entity to take corrective action in response to the Authority's recommendations, as may be necessary in the circumstances to rectify the breach. The Authority found that the Entity had been issued its previous audit report for the Financial Year 2022/2023 on 24th June 2024. Out of the 13 recommendations made, six (46%) were fully implemented, one (8%) was partially implemented, and six (46%) were not implemented, as detailed in Table 3 below:

Table 3: Implementation of previous audit recommendations

S/No.	Recommendation	Status
The Accounting Officer should:		
1.	Come up with a strong mechanism and a task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance	Not implemented
	Management response *Municipal Executive Committee, District PAC and Technical Planning Committee discuss the Audit findings and seek corrective actions through monitoring, review and summoning the responsible officers to account*	

S/No.	Recommendation	Status
	Authority's comment The Authority noted the Entity's response. However, documentary evidence was not provided to support the management response.	
2.	Ensure that the Procurement and Disposal Unit is fully constituted and staffed at an appropriate level in accordance with Section 26 (l) (c) of the PPDA Act 2003	Not implemented
	Management response *Wage is still a problem; however, the Assistant Inventory Officer has been assigned extra duty to support PDU operations while the entity is still seeking approval of additional funds for recruitment* **Authority's comment** The Authority noted the Entity's response. However, documentary evidence was not provided to support the management response.	
3.	Ensure that the Procurement and Disposal unit is adequately provided with a sufficient budget, stationery, and filing cabinets to properly execute its functions in accordance with Section 26 (c) of the PPDA Act 2003.	Not implemented
	Management response *Management takes note of the advice; however, the funding granted to the entity has remained limited and is always shared among all departments based on priorities.* **Authority's comment** The Authority noted the Entity's response. However, filing cabinets require minimal funding yet are critical to effective records management.	
4.	Ensure that the Entity's assets are reviewed and disposed of in accordance with the methods recommended in Regulations 5 to 23 of the PPDA (Disposal) Regulations 2023.	Not implemented
	Management response *The disposal process has been initiated following valuation of assets, agreements have been signed for various assets awaiting final payments, and a copy of the disposal advert is herein submitted for review.* **Authority's comment** The Authority noted the entity's response. However, disposal of obsolete assets for the period under review was expected to be completed by July 2025. Therefore, initiating the process and submitting the disposal advertisement do not demonstrate full compliance with Regulation 3 of the PPDA (Disposal) Regulations, 2023. The entity is urged to expedite and complete the disposal process in line with the prescribed methods, ensuring proper valuation, approvals, execution, and documentation of all stages to guarantee accountability and value for money.	
The Head Procurement and Disposal Unit should;		
5.	Ensure that the solicitation documents prepared define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity, and have the most appropriate evaluation methodology and criteria in accordance with Section 71 (2) of the PPDA Act, 2003, and 2003: Ensure that Evaluation Committees conduct evaluations according to the criteria set in the bidding document in accordance with Section 7l (3) ofthe PPDA Act. 2003.	Not implemented Not implemented

S/No.	Recommendation	Status
	Management response *Management takes note of the recommendation to highlight requirements in the bid data sheet, as discussed with the audit team; however, the entity has been issuing SBDs that clearly state requirements under section 3: Evaluation methodology and criteria, as per the attached.* **Authority's comment** The Authority noted the entity's response. However, the compliance inspection found that some of the entity's solicitation documents did not comprehensively define the entity's specific requirements.	
6.	Ensure that Evaluation Committees conduct evaluation according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003	Partially implemented
	Management response *The evaluation criteria stated in the SBD are always extracted to guide the evaluation team when assessing the bids. A copy of the evaluation criteria extracted from the SBD and the evaluation is attached for review* **Authority's comment** The Authority noted the entity's response. However, in some instances, the evaluation criteria was not fully adhered to, as certain bidders were deemed compliant despite not fully meeting the requirements set out in the bidding documents.	
7.	The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act 2003, before approving the evaluation reports	Not implemented
	Management response *Management takes note; however, the evaluation committee members always sign the ethical code of conduct before conducting the evaluation exercise as per the attached.* **Authority's comment** The Authority noted the entity's response. However, while signing the Ethical Code of Conduct is an important requirement for promoting integrity during the evaluation process, it does not, in itself, guarantee fairness and transparency in bid evaluation.	

Implication

Failure to fully implement audit recommendations undermines the effectiveness of the procurement function, exposes the Entity to ongoing risks of non-compliance and inefficiency, and indicates a weak implementation mechanism within the Entity.

Management Response

Management takes note of the recommendations; however, the entity has implemented most of them, as indicated by the responses and attachments in Table 3 above.

Authority's comment

The Authority noted the Entity's response; while some recommendations were fully implemented, audit observations established that 54% of the recommendations from the previous audit remained unimplemented.

Recommendation

The Accounting Officer should establish and appoint a dedicated task force to effectively monitor and implement all audit recommendations. The task force should develop a suitable workplan to systematically implement all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

2.1.3 Inadequate storage facilities for the Procurement and Disposal Unit

Section 33 (o) of the PPDA Act, Cap. 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process. However, the inspection found that the Unit lacked adequate storage facilities for procurement files and records. At the time of the audit, procurement documents were found piled on the floor and stacked on top of one another due to a shortage of filing cabinets. This left the records vulnerable to damage, loss, vandalism, theft, and misplacement.

Pictorial evidencing inadequate and poor storage

Figure 1: Documents stacked together on the floor as of 24th November 2025

Figure 2: Documents on the floor as of 24th November 2025

Implication

Failure to store procurement records properly and securely exposes them to potential damage, loss, theft and misplacement, which could compromise the principle of accountability for public funds.

Management Response

The entity is experiencing limited office space across the board due to limited funding. However, PDU keeps sensitive documents, such as contract agreements and related documents, in the secure cupboard. A new administration block is under phased construction, and once completed, office and storage space will be available.

Recommendation

The Authority noted the Entity's response; however, the Accounting Officer should;

- Fast-track the construction of the administration block to provide the Procurement and Disposal Unit with sufficient space and filing cabins to properly execute its functions in accordance with Section 33 (o) of the PPDA Act, Cap. 205.
- Implement immediate interim control measures to safeguard procurement records, including providing filing cabinets and ensuring controlled access.

2.1.4 Failure to fully implement the Procurement plan

Section 60(7) of the PPDA Act, Cap. 205 states that "*A procuring and disposing entity shall, on a quarterly basis and in any other case, whenever necessary, review and update its procurement plan.*" An assessment of the procurement plan and the utilisation of funds revealed that the Entity's procurement plan implementation rate for FY 2024/2025 was 88.3%. Whereas the Entity planned to spend UGX 1,970,742,095on procurement, the Authority noted that the Entity carried out procurements totaling UGX 1,745,028,739 (89%), resulting in an implementation variance of UGX 225,713,356 (11%). Table 4 below summarises information on the procurement plan, budget and utilisation of funds.

Table 4: Procurement Plan Implementation

Analysis of Procurement spend	
Total procurement plan value inclusive of VAT (UGX)	1,970,742,095
Procurement spend value inclusive of VAT (UGX)	1,745,028,739
Procurement plan Implementation Rate (%)	89
Budget variance (UGX)	225,713,356
Budget variance (%)	11

Implication

Failure to fully implement the procurement plan denies some services to the intended beneficiaries and also exposes the Entity to the risk of budgetary cuts in subsequent periods due to non-performance, thereby failing to meet planned objectives.

Management Response

Management attributes the variance to the non-release of planned funds; however, an updated or revised procurement plan has been prepared, indicating all procurements implemented, and a copy is attached herein for review.

Authority's comment

The Authority noted the Entity's response. Whereas the Entity submitted a revised procurement plan, the procurement spend remained below the approved procurement budget, which indicated under utilisation of funds. Quarterly procurement plan reviews should be instituted to align planned procurements with actual budget releases.

Recommendations

The Accounting Officer should:

i. Along with management, regularly carry out a review of the implementation of the procurement plan. In the event that amendments are made to departmental work plans, the procurement plan should be updated in accordance with Section 60 (7) of the PPDA Act, Cap. 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023, and

ii. Always execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning unspent balances to the consolidated fund.

2.1.5 Failure to reserve procurements for Women, Youth and PWDs

According to Guideline 11 of 2024, Clause 2.1(i), every Procuring and Disposing Entity is required to allocate at least 15% of its annual procurement plan budget to registered associations representing Women, Youth, and Persons with Disabilities. The audit found that the procurement plan for the financial year 2024/2025 was developed without incorporating provisions to reserve portions of procurement for these designated groups.

Implication
Failure to reserve 15% of the procurement budget for Women, Youth, and Persons with Disabilities frustrates the Government of Uganda's efforts to increase their participation in public procurement.

Management Response
Management observes the gap and seeks to improve on this. Efforts have been made to encourage these groups to formalise their registration with the Authority, and the entity has also reserved some procurements for FY2026 -2027.

Authority's comment
The Authority noted the Entity's response; however, registration of these groups must be completed with the relevant bodies specified under Guideline 11/2024, in accordance with Clause 3.0.

Recommendation
The Accounting Officer should earmark 15% of the annual procurement plan for the award of contracts to registered associations of Women, Youth, and Persons with Disabilities, in accordance with Guideline 11 of 2024, Clause 2.1 (i), which mandates reserving at least 15% of the annual procurement budget for these groups.

2.1.6 Inaccurate reporting
Section 48 of the PPDA Act, Cap. 205 requires all procurement and disposal shall be conducted in a manner which promotes transparency, accountability. The Authority found that contract values for five procurement transactions worth UGX 311,789,718 were inaccurately reported by the Entity as indicated in Table 5 below:

Table 5: Procurements which were inaccurately reported

S/No	Subject of Procurement	Contract Amount (UGX)	Reported Contract Amount (UGX)
1.	Phased construction of maternity ward in Aterai Health Centre 3-Lot 2	154,165,333	96,160,579
2.	Completion of 3 classroom blocks at Amejei Primary School	59,737,205	45,555,075
3.	Supply and Installation of Solar Lights	34,225,000	32,100,000
4.	Construction of a 5-stance lined pit latrine at Amejei Primary school	31,811,030	26,430,000
5.	Construction of a 5-stance lined pit latrine at Otipe Primary School	31,851,150	24,399,000
Total		**311,789,718**	

Implication
Inaccurate reporting inhibits effective monitoring of procurement spend, poses a compliance risk to the Entity, and may negatively affect accountability of procurement spend.

Management Response
- *Retention was not paid during the defect liability period. Withholding tax (6%) was deducted. A copy of the payment certificate is attached (for procurements 1, 2, 4 and 5 in the table).*
- *Management seeks reconciliation of the figures in Table 5, as retention funds were not paid, and a 6% withholding tax was applied. Reference is made to the payment certificates for the above-mentioned procurements, which are attached herein.*

Authority's comment

The Authority noted the Entity's response. For clarity, withholding tax is included in the contract value. The Entity is therefore expected to accurately report the awarded contract value, including withholding tax, in line with the mandatory reporting requirements under Form 2 for monthly procurement reporting.

Recommendation

The Head, Procurement and Disposal Unit, should accurately report all awarded procurements using Form 2, the monthly procurement report, as provided for in the Schedule to the PPDA (Procurement and Disposal Entities) Regulations, 2023.

2.1.7 Irregularities at bid evaluation

Regulation 5(1) of the PPDA (Evaluation) Regulations, 2023 requires that bids be evaluated in accordance with the evaluation criteria set out in the bidding documents. Section 39(2) of the PPDA Act, Cap. 205 states that "*The membership of the evaluation committee shall be recommended by the procurement and disposal unit, in accordance with regulations made under this Act and approved by the contracts committee.*" In three procurements worth UGX 827,168,860, the Authority found irregularities in the evaluation process, including evaluations conducted by members not approved by the Contracts Committee and the passing of firms that did not meet the requisite requirements, among others. Procurements with irregularities at bid evaluation are indicated in Table 6 below:

Table 6: Procurements with irregularities at evaluation

S/No	Subject of Procurement	Contract Amount (UGX)	Findings	Management Response
1.	Phased construction of the administration block at Kumi Municipal Council	296,985,232	Ms Ruth Ikiring participated in the evaluation process without the requisite approval of the Contracts Committee. Two members approved to be part of the evaluation committee did not participate in the evaluation i.e Mr. Ochom Joseph and Mr Ochen Stephen The approved members were: Mr Patrick Osire, Mr Gilbert Ouma, Mr Okello Simon, Ms Stella Atai, Ms Phionah Amiliong, Mr Ochom Joseph	**Management Response** *Ms Ruth Ikiring did not participate in the evaluation of the phased construction of the administration block.* **Authority's comments** • The Authority noted the Entity's response. However, the evaluation report revealed that Ms Ruth Ikiring did indeed participate in the evaluation exercise. • The Entity did not provide a response as to why Ochom Joseph and Mr Ochen Stephen did

S/No	Subject of Procurement	Contract Amount (UGX)	Findings	Management Response
			and Mr Ochen Stephen.	not participate in the bid evaluation.
2.	Supply of road construction material under the framework contract	39,160,000	M/s Cain and Abel Uganda Limited passed the preliminary evaluation, yet the firm did not submit a tax clearance certificate as required under the preliminary evaluation. The firm attached an application for a tax clearance certificate, No. SO0125001472460, which does not qualify as a Tax clearance certificate.	**Management Response** *It is true that at the time of evaluation, the company attached an e- acknowledgement receipt as an application for the TCC and consultation was made during evaluation by the chairperson of the committee to URA on the phone to validate the document, which they accepted to be authentic because the TCC was due to be approved and later was tendered to the entity as proof of tax compliance.* **Authority's comment** The Authority noted the Entity's response. However, an application for a Tax Clearance Certificate does not in itself constitute a Tax Clearance Certificate or serve as proof of tax compliance.
3.	Fuel and lubricants	491,023,628	M/s Osipitano Enterprises Limited was passed at financial evaluation without a price schedule. There was no basis for passing the firm in the financial evaluation.	**Management Response** *Management takes note and seeks to further improve the recording during evaluation; however, all procurements under framework arrangements were*

S/No	Subject of Procurement	Contract Amount (UGX)	Findings	Management Response
				entered based on LPOs. **Authority's comment** The Authority noted the Entity's response; however, although the Entity claims to have issued Local Purchase Orders for all procurements under the framework arrangement, the absence of a price schedule for M/s Osipitano Enterprises Limited at the evaluation stage remained not addressed, casting doubt on the integrity of the financial evaluation.
Total		**827,168,860**		

Implications

- Participation by a member not approved by the Contracts Committee may result in the loss of essential technical insights during evaluation. Since members are selected for their specialised expertise, their failure to participate in the evaluation may undermine the thoroughness and analytical depth required for comprehensive bid evaluation.
- Passing a firm without the requisite requirements is an indicator that members of the Evaluation Committee may have had unethical tendencies or lacked adequate capacity to review bids, which could have compromised the fairness and transparency of the evaluation process.
- Irregularities in evaluation may lead to the award of contracts to non-compliant bidders, which could result in substandard work and failure to achieve value for money.

Recommendations

i. The Evaluation Committees should strictly adhere to the evaluation criteria set out in the solicitation documents. Firms that do not comply should be eliminated in accordance with Regulations 5(1) and (2) of the PPDA (Evaluation) Regulations, 2023.
ii. The Contracts Committee should carefully review the evaluation reports and ensure that the principles of fairness and transparency are observed during the evaluation process, in accordance with Section 48 of the PPDA Act, Cap. 205 before approving them.

2.1.8 Contracting and issuing call-off orders to firms that did not participate in the bidding process

Section 48 of the PPDA Act, Cap. 205 requires that all procurement and disposal be conducted in a manner that promotes transparency, accountability, and fairness.
Section 52 of the PPDA Act, Cap. 205 requires all procurement and disposal to be carried out in accordance with the code of ethics specified by the Authority. The Authority found that the entity contravened these basic principles of public procurement and disposal in two procurements under the framework indicated in Table 7 below:

Table 7: Contracts and call-off orders to firms that did not participate in the bidding process

S/No	Details of procurements	Contract Amount (UGX)	Finding	Management Response
1.	Supply of road construction material	39,160,000	A framework contract was signed with M/s Jarplex Co. Limited on 9th September 2024, yet the firm did not participate in the bidding process.	**<u>Management Response</u>** *M/s Jarplex Co. Ltd was adopted by the Contracts Committee to supply specific materials under minute no. 6/KMC/cc/06/2025 sitting on 17th June2025 and a copy of the award was issued.* **Authority's comment** The Authority noted the Entity's response. However, whereas the Contracts Committee awarded Jarplex Co. Limited the contract to supply road construction materials, no due bidding process was undertaken prior to this award. The Entity presented only a letter of bid acceptance, dated 1st July 2025. This did not constitute satisfactory evidence of the firm's participation in the bidding process.
2.	Maintenance of vehicles and motorcycles	131,340,007	Local purchase orders were issued to M/s Yusufu Ayub Motor Garage Ltd, yet the firm did not have an existing framework contract with the Entity.	**<u>Management Response</u>** • *Yusufu Ayub Motor Garage Ltd was adopted by the Contracts committee meeting of 20th*

			Some LPOs issued include: <table><tr><th>LPO No.</th><th>Value in UGX</th></tr><tr><td>RFQ/RFP/986</td><td>3,330,000</td></tr><tr><td>RFQ/RFP/793</td><td>590,000</td></tr></table>	*August 2024 under minute no. 07/KMC/CC/08/2024 is still on special repairs, and it was awarded with the copy attached.* **Authority's comment** The Authority noted the Entity's response. However, the award of a contract to M/S Yusufu Ayub Motor Garage Ltd for the provision of special repairs was not preceded by a transparent bidding process.
	Total	**170,500,007**		

Implications

- Signing contracts to firms that did not participate in the bidding process, and issuing call-off orders to firms without existing framework agreements undermines transparency, competition, and accountability, while exposing the Entity to non-compliance risk and potential legal liability.
- This is an indication that there were unethical tendencies among the members of the Contracts Committee and the Head of the Procurement and Disposal Unit.

Recommendations

1. The Accounting Officer should:
   i. Task the Contracts Committee to explain why contracts were awarded to M/s Jarplex Co. Limited and M/s Yusufu Ayub Motor Garage Ltd without undertaking a due competitive bidding process and submit a detailed explanation and basis upon which these contracts were awarded.
   ii. Refrain from signing contracts unless the Contracts Committee makes an award decision in accordance with Regulation 6 (1) (a) of the PPDA (Contracts) Regulations, 2023.

2. The Head, Procurement and Disposal Unit should:
   i. Uphold ethical principles in conducting procurement and disposal activities in accordance with Section 52 of the PPDA Act, Cap. 205.
   ii. Ensure compliance with the PPDA Act Cap. 205, PPDA regulations and uphold best practices in accordance with Section 34 (c) of the PPDA Act, Cap. 205.

2.1.9 Restrictive requirements in the bidding documents

Regulation 47(5) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 provides that '*The evaluation criteria shall not be drafted in a way which restricts competition, unless the criteria is required to meet the objectives of the procurement or are in accordance with a preference or reservation scheme.*' The Authority found that certain requirements in the bidding documents for two procurements worth UGX 451,150,565 were restrictive, as indicated in Table 8 below:

Table 8: Procurements with restrictive requirements in the bidding document

S/No	Details of procurements	Contract Amount (UGX)	Findings	Management Response
1.	Phased construction of the administration block at Kumi Municipal Council	296,985,232	• Under item 6.2.8 Specific Experience; (a) participation as contractor, management contractor, or subcontractor, in at least 1 contract within the last 2 years, each with a value of at least UGX 1,000,000,000 (one billion shillings), that have been successfully and substantially completed (at least 70 per cent complete) and that are similar to the proposed works. This value is too high compared to the estimated value of UGX 297,000,000 of the procurement • Inclusion of a requirement for a bid security under ITB 20.1	• *Management takes note for improvement and has already customised the requirement for specific experience.* • *The entity started requiring a bid securing declaration as per the attached ITB 20.1 for works under RFQ.*
2.	Phased construction of maternity ward in Aterai Health Centre III	154,165,333	Inclusion of a requirement for bid security under ITB 20.1	*Management takes note, however, the entity started requiring a bid securing declaration as per the attached ITB 20.1 for works under RFQ*
Total		**451,150,565**		

Implications

- Restrictive requirements in bidding documents limit competition, leading to low bidder participation.
- The requirement for bid security led to the elimination of M/s Ojoktau Technical Services Ltd, which submitted a bid of UGX 107,012,733, in the procurement for the phased construction of the maternity ward at Aterai Health Centre III.

Recommendations

The Head, Procurement and Disposal Unit should:

i. Avoid restrictive requirements in bidding documents in accordance with Regulation 47(5) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

ii. Only request for a bid securing declaration for procurements under the restricted domestic bidding and quotation procurement methods in accordance with Regulation 63 (9) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.10 Inadequately drafted bidding documents

Regulation 37 (1) (d) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires entities to include the bills of quantities or activity schedules in the statement of requirements for works. Section 67 (2) (a) of the PPDA Act, Cap. 205 requires all solicitation documents to set out the terms and conditions that shall apply to any resulting contract. The Authority found inadequacies in the bidding documents for five procurements worth UGX 1,015,559,193. This included failure to clearly state the specific experience required, listing insufficient personnel for a project, and stating the bid validity period in days rather than on a specific date, among others. Some inadequacies were due to poor document editing, while others were caused by inadequate review of the documents by both the Head, Procurement and Disposal Unit, and the Contracts Committee. The procurements are indicated in Table 9 below:

Table 9: Procurements with inadequacies in the bidding documents

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document	Management Response
1.	Phased construction of maternity ward in Aterai Health Centre III	154,165,333	• ITB 15.1 (i) did not state the list of additional documents that must be submitted with the bid. • The bid validity duration under ITB 19.2 was stated as 120 days without the specific date of expiry. • Unclear requirements under detailed technical and commercial stage; i. Specific experience on the project invited for must be submitted	• *Additional documents were indicated under section 1 bidding procedures: 9: Evaluation bids of the SBD* • *Management acknowledges the anomaly and has already improved validity to be stated by exact date as per the attached.* • *The entity requested for experience in form of the agreement and completion certificates which were submitted* • *Management has taken note and seeks to improve on the SBDs by including experience for key personnel though their*

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document	Management Response
			(copy of the agreement) The minimum value of contracts for which experience is needed was not indicated. ii. The specific experience for the key personnel was not stated. The document stated 'Key Personnel and their Qualifications (i.e civil engineers, environment officer and social worker) Minimum of bachelor's respectively and evidenced by the academic documents including relevant CVs, passport photo, national identity card and a commitment) • Under GCC 2.1, only the 'Acceptance Letter' was stated as the document that will form part of the contract. This was insufficient • Failure to request for a Performance Securing Declaration under GCC 61.1	*CVs that reflects their experience.* • *Additional documents were indicated under section 1 bidding procedures: 9: Evaluation bids of the SBD.* • *GCC 60.1 through special conditions was customized not to submit performance securing declaration however in the subsequent procurements, it will be assessed and included.* **Authority's comments** The Authority noted the Entity responses i. Regarding the additional documents, upon document review, the information provided was not in the bidding document as it should have been. ii. Regarding experience, whereas the entity requested for experience in form of the, the minimum value of contracts for which experience is needed was not indicated. iii. Regarding additional documents under GCC 2.1, document review, revealed that there were no additional documents. as claimed by the Entity. iv. In regard to failure to request for a performance securing

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document	Management Response
				declaration, the Entity confirmed through its submission that indeed a performance securing declaration was not requested for as per the customized GCC 60.1
2.	Phased construction of administration block at Kumi Municipal Council	296,985,232	• GCC 36.1 did not state the period within which the program of works shall be submitted. It was stated as 'The Contractor shall submit the Program for the Works within' • Failure to request for a Performance Securing Declaration under GCC 61.1. • Listing an insufficient number of key personnel under item no. 6.1, i.e only a Civil engineer, Environment Officer and a Social Development Officer.	**Management Response** • *Management takes note of the gap and has already taken corrective action however it was noted to be 2 weeks.* • *It is true GCC 60.1 was customized not to submit performance securing declaration however in the subsequent procurements, it will be assessed and included.* • *Management acknowledges requiring the said technical people but their qualifications were stated clearly to include a minimum of bachelors for a Civil engineer, Environment Officer and a Social Development Officer respectively.* **Authority's comment** The Authority noted the Entity's responses, however, regarding the issue of listing an insufficient number of staff, the Entity did not provide response.
3.	Supply and Installation of Solar Lights	34,225,000	• Lacked the general conditions of contract and the contract forms under Part 3.	**Management Response** • *General Conditions of the contract were part of the SBD*

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document	Management Response
			• Failure to provide specifications under part 2. • Bid validity period is expressed in terms of days, 180 days instead of the date.	• *Specifications for solar were attached as annexed in an Excel sheet and formed part of the SBD, which was sent to providers.* • *It is true at the time of audit; validity was stated as a period, but improvements have been made in the subsequent documents to indicate the exact date.* **Authority's comments** The Authority noted the Entity's response, however: i. No documentary evidence was provided to support the claim that the general conditions of contract and the contract forms under Part 3 were included in the bidding document. ii. In regard to specifications, no documentary evidence was provided to verify whether the specifications were provided.
4.	Procurement of road construction material.	39,160,000	• Lacked specifications for protective gear; i.e Hand gloves, over-coat, overalls, gumboots, reflecting mobile safety cones, reflecting warning (danger), tape and movable wooden sign Posts,	**<u>Management Response</u>** *Management takes note of the gap and strives to effectively address it however, during issuance of LPO, the specifications are clearly stipulated to the contractor to deliver.*

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document	Management Response
			• Failure to include the estimated minimum quantities to be consumed under the list of supplies and services.	**Authority's comments** • The Authority noted the Entity's response, whereas specifications are stipulated in the LPO, the Entity should have them clearly spelt out in the bidding document. • Regarding inclusion of the estimated minimum quantities to be consumed under the list of supplies and, the Entity did not provide a response.
5.	Fuel and lubricants	491,023,628	• Failure to include the requirement of a bid securing declaration under ITB 21.1. • Failure to include specifications under section 6- statement of requirements. • Lacked the estimated minimum of litres to be consumed under the list of supplies and services	**Management Response** • *The entity took an initiative to update SBDs to include bid securing declaration in this subsequent Request for quotations* • *It is challenging to estimate the number of litres since LPOs are issued based on pump prices which fluctuates.* **Authority's comments** • The Authority noted the Entity's responses; however, no response was given in regard to provision of specifications. • In regard to lacking the estimated minimum number of litres, it should be noted that this is a requirement under procurements under the framework arrangement.
Total		**1,015,559,193**		

Implication
Inadequate information in the bidding document may lead bidders to misunderstand the Entity's requirements and subsequently submit non-responsive bids. Similarly, it may confuse bidders and create potential conflicts with the Entity.

Recommendations
1. The Head, Procurement and Disposal Unit should:
   i. Prepare and issue bidding documents that have clear, complete, and precise information that defines the procurement requirement without leaving room for doubt, ambiguity, or assumption by bidders in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Section 67 (2) (a) (b) of the PPDA Act, Cap. 205;
   ii. While drafting bidding documents, always state the bid validity date in accordance with Regulation 62 (1) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
   iii. Strengthen the internal review and quality-assurance mechanisms to ensure that all solicitation documents are sufficiently detailed and consistent across sections.

2. The Contracts Committee should scrutinise all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.11 Inefficiencies in the procurement process
Section 51 of the PPDA Act, Cap. 205 requires all procurements to be conducted in a manner that promotes efficiency. The Authority found that in four procurements worth UGX 430,107,437, there was an average delay of five months and 20 working days from procurement initiation to the issuance of the bidding document. The delays were mainly caused by User Departments failing to submit the statements of requirements in time. The procurements are indicated in Table 10 below:

Table 10: Procurements with significant delays in the procurement process

S/No	Details of procurements	Contract Amount (UGX)	Finding	Management response
1.	Construction of the administration block at Kumi Municipal Council.	296,985,232	Delay of six months and 21 working days from procurement initiation to issuance of bidding document. Initiation was concluded on 24th April 2024. The bidding document was issued on 21st November 2024.	*Management takes note of the gap; however, the initiatives are carried out based on indicative planning figures, which means an entity always has to wait until the 2nd quarter to confirm the release of funds for project implementation, and the projects are completed on time.* **Authority's comment** The Authority noted the Entity's response. For clarity, the issuance of bidding documents is not dependent

S/No	Details of procurements	Contract Amount (UGX)	Finding	Management response
				on the release of funds. The Entity is accordingly required to proceed with the procurement process up to the Best Evaluated Bidder notice, and to proceed to contract signing only upon confirmation of the release of the requisite funds.
2.	Supply and Installation of Solar Lights.	34,225,000	Delay of six months and 21 working days from procurement initiation to issuance of the bidding document. The procurement was initiated on 24th April 2024, and the bidding document was issued on 21st November 2024.	*Management takes note of the gap; however, the initiatives are carried out based on indicative planning figures, which means an entity always has to wait until the 2nd quarter to confirm the release of funds for project implementation, and the projects are completed on time.* **Authority's comment** The Authority noted the Entity's response. For clarity, the issuance of bidding documents is not dependent on the release of funds. The Entity is accordingly required to proceed with the procurement process up to the Best Evaluated Bidder notice, and to proceed to contract signing only upon confirmation of the release of the requisite funds.
3.	Completion of 3 classroom blocks at Amejei Primary School	59,737,205	Delay of six months and 17 working days from procurement initiation to issuance of bidding document. The procurement was initiated on 24th April 2024, while the bidding document was	*Management takes note of the gap; however, the initiatives are carried out based on indicative planning figures, which means an entity always has to wait until the 2nd quarter to confirm the release of funds for project implementation, and the projects are completed on time.*

S/No	Details of procurements	Contract Amount (UGX)	Finding	Management response
			issued on 16th November 2024.	**Authority's comment** The Authority noted the Entity's response. For clarity, the issuance of bidding documents is not dependent on the release of funds. The Entity is accordingly required to proceed with the procurement process up to the Best Evaluated Bidder notice, and to proceed to contract signing only upon confirmation of the release of the requisite funds.
4.	Construction materials	39,160,000	Delay of one month and 21 working days in submitting the bidding document to Contracts Committee for consideration. The Accounting Officer approved the PP Form 5 on 24th April 2024, however, consideration by Contracts Committee was on 28th June 2024.	*Management takes note of the gap however the initiations are done based on indicative planning figures and contracts committee delaying to sit is attributed to other administrative commitments especially at the end of the financial year though LPOs are sent on time.* **Authority's comment** The Authority noted the Entity's response. The Entity is required to internally address the administrative bottlenecks that hinder the timely consideration of documents by the Contracts Committee. In this regard, the Head, Procurement and Disposal Unit should ensure the timely submission of bidding documents to the Contracts Committee by proactively acquiring statements of requirements from User Departments within the stipulated timelines.
	Total	**430,107,437**		

Implication

Inefficiencies in the procurement process delay service delivery to the intended beneficiaries.

Recommendations

i. The Accounting Officer should approve only the initiation of a procurement requirement, accompanied by the respective statements of requirements, in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

ii. The Contracts Committee should issue a decision on any matter or request submitted to it by the Procurement and Disposal Unit within ten working days, in accordance with Regulation 7(3) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.12 Low bidder participation

Section 49 of the PPDA Act, Cap. 205 requires all procurements and disposals to be conducted in a manner that maximises competition and achieves value for money. The Authority found low bidder participation in three procurements totalling UGX 123,414,344, with an average of only 2 bids received. The procurements are shown in Table 11 below:

Table 11: Procurements with low bidder participation

S/No	Details of procurements	Contract Amount (UGX)	Method used	Number of bidders who responded
1.	Completion of 3 classroom blocks at Amejei Primary School.	59,737,205	Request for Quotation	2
2.	Construction of a 5-stance lined pit latrine at Otipe Primary School.	31,851,150	Request for Quotation	2
3.	Construction of a 5-stance lined pit latrine at Bazaar Primary School	31,825,989	Request for Quotation	2
Total/Average		**123,414,344**		2

Implication

Low bidder participation prevents the Entity from achieving competitive prices. It may also indicate that bidders lack confidence in the Entity or that the Entity is undesirable to bidders.

Management response

Management takes note of the recommendation and seeks to improve on this; however, invitations are issued in writing to all prequalified firms for specific procurements, and it's beyond the entity's control to decide on behalf of the bidder, despite engagements during pre-bid meetings and barazas organised to sensitise them.

Recommendation

The Authority noted the Entity's response; however, the Accounting Officer should strengthen engagement with bidders to actively encourage their participation in the Entity's procurement and disposal processes, thereby promoting competitive bidding in accordance with Section 49 of the PPDA Act, Cap. 205. This can be achieved by conducting regular bidder sensitisation workshops, transparent communication of procurement opportunities, timely publication of bidding documents, and establishing feedback mechanisms to address bidder concerns.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, CAP. 205 AND THE PPDA (DISPOSAL OF PUBLIC ASSETS) REGULATIONS, 2023

2.2.1 Failure to dispose of obsolete items

Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations 2023 requires an Accounting Officer, in each financial year, to cause the public assets of a Procuring and Disposing Entity to be reviewed and to identify the public assets to be disposed of in the following financial year. Despite the Entity having items due for disposal, no disposal was carried out by the Entity in the financial year 2024-2025. The board of survey report for FY 23/24 recommended several items for disposal, including trucks, a tractor, a bitumen boiler, and a trailer. However, at the time of the audit, no disposal process had been commenced. The failure to dispose was attributed to failure in obtaining clearance from Ministry of Works and Transport. Some items due for disposal are indicated in Table 12 below:

Table 12: List of obsolete items recommended for disposal

S/No.	Item
1.	Faw Truck
2.	Pedestrian roller
3.	Jefang Tipper Lorry
4.	Bitumen boiler
5.	Massey Ferguson tractor
6.	Trailer

Pictures of some obsolete items due for disposal as of 26th November 2025

	
Faw Truck	Massey Ferguson tractor
	
Tipper lorry	Trailer

	
Jefang Bitumen boiler	Pedestrian roller

Implications
- Assets continue to lose value through depreciation and face a risk of loss or vandalism.
- Failure to dispose of obsolete assets hinders the realisation of value for money, as financial resources remain held up in unused items, which continue to depreciate over time

Management Response

Most of these assets, apart from the faw truck, Pedestrian roller, and the Bitumen boiler, for which no one showed interest or failed due to under-quoting way below the reserve, are due for disposal in the current FY 2025-2026.

Authority's comment

The Authority noted the Entity's response and urges the Entity to seek a revision of the reserve price from the Board of Survey to facilitate the disposal of the FAW truck, pedestrian roller, and bitumen boiler. Additionally, the Entity should seek clearance from the Ministry of Works and Transport for the road equipment prior to disposal.

Recommendations

i. The Accounting Officer and the Head, Procurement and Disposal Unit should plan for the disposal of assets in a timely manner in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023.

ii. User Departments should initiate a process for the disposal of public assets where the board of survey report of the entity recommends the disposal of a public asset in accordance with Regulation (3) (2) (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 IN THE PROCUREMENT PROCESS

2.3.1 Weak contract management

Regulation 52 of the PPDA (Contracts) Regulations, 2023 requires contract managers to fully handle all their responsibilities. The Authority noted laxity in contract management in two procurements worth UGX 356,722,437, as both lacked all monthly progress reports. This may have been due to the Contract Managers' limited knowledge of their roles. These weaknesses undermine effective oversight and may compromise the achievement of value for money. These procurements are indicated in Table 13 below:

Table 13: Weak contract management

S/No.	Subject of Procurement	Contract Amount (UGX)	Issues with contract management
1.	Phased construction of the administration block at Kumi Municipal Council	296,985,232	Lacked progress reports; only one progress report for April 2025 was presented for each

S/No.	Subject of Procurement	Contract Amount (UGX)	Issues with contract management
2.	Completion of 3 classroom blocks at Amejei Primary School	59,737,205	procurement. Lacked the reports for March and May 2025.
	Total	**356,722,437**	

Implication
Weakness in contract management may lead to poor or underperformance of contracts by service providers.

Management Response
Progress reports were attached to the payment vouchers for the respective projects, as reflected in Table 12, and are hereby submitted for review.

Authority's comment
The Authority noted the Entity's response. However, upon document review, it was observed that in both procurements, i.e., the procurement of the phased construction of the administration block at Kumi Municipal Council and the completion of the 3-classroom block at Amejei Primary School, only one progress report of April 2025 was presented in each case.

Recommendation
The Accounting Officer should task Contract Managers to perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.

2.3.2 Failure to have provisions regarding Environment, Social, Health and Safety issues, including Gender issues, in the statement of requirements

Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that *'a statement of requirements shall, where applicable, be environmentally and socially responsive.'* The Authority found that the procurement of the supply and installation of solar lights, valued at UGX 34,225,000, lacked ESHS considerations in the bidding document and the subsequent contract.

Implication
A lack of environmental, social, and health and safety requirements can lead to environmental harm, worker and public health risks, delays in contract implementation, and outcomes that do not meet end-user requirements.

Management Response
All the above projects had an environmental component, as indicated in the bills of quantities and in the contracts signed for each procurement

Authority's comment
The Authority noted the Entity's response; however, upon document review, the procurement for the supply and installation of solar lights lacked safety measures, such as 'all excavated foundation pits must be properly covered or barricaded to prevent accidents involving community members, particularly children. Contractors must provide all workers with appropriate personal protective equipment, among others.

Recommendation

The Accounting Officer should task Heads of User Departments to prepare statements of requirements that are inclusive of ESHS aspects in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall Audit Conclusion

The performance of the Kumi Municipal Council for the Financial Year 2024/2025 was moderately satisfactory, with an overall weighted average risk rating of 67%

3.2 Entity's Performance

The risk rating was weighted to determine the Entity's overall risk level. The weighting was derived using the average weighted index shown in Table 14 below:

Table 14: Summary of performance of Kumi Municipal Council

Risk Category	Number of Sampled Procurements	% No	Value (UGX)	% Value	Weights	Total weighted average	
						By No.	By Value
High	3	27	827,168,860	62	0.6	16.3	37.2
Medium	6	55	411,318,695	31	0.3	16.3	9.2
Low	1	9	63,637,019	5	0.1	1	0.4
Satisfactory	1	9	31,545,294	2	0	-	-
Total	11	100	1,333,669,868	100		33.6	46.9

Weighted Average (By no.) = $\frac{\sum \text{Weighted Score} \times 100}{60} = \frac{33.6 \times 100}{60} = 56\%$

Weighted Average (By Value) = $\frac{\sum \text{Weighted Score} \times 100}{60} = \frac{46.9 \times 100}{60} = 78.1\%$

The average weighted risk rating = $\frac{56 + 78.1}{2} = 67$

Table 15: The risk rating

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

3.3 Chart representation of risk rating

Figure 1: showing Performance by value of contracts

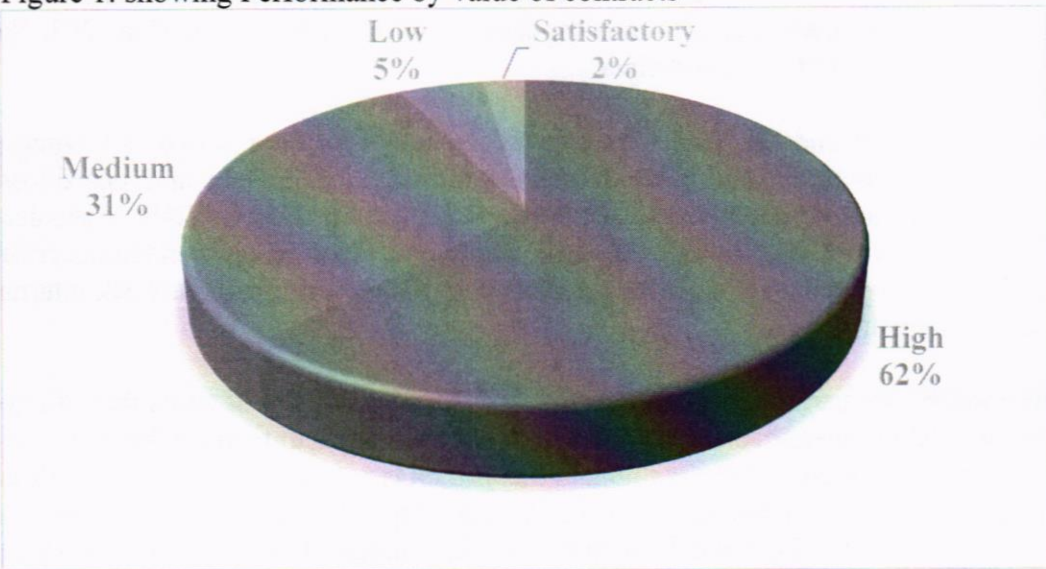
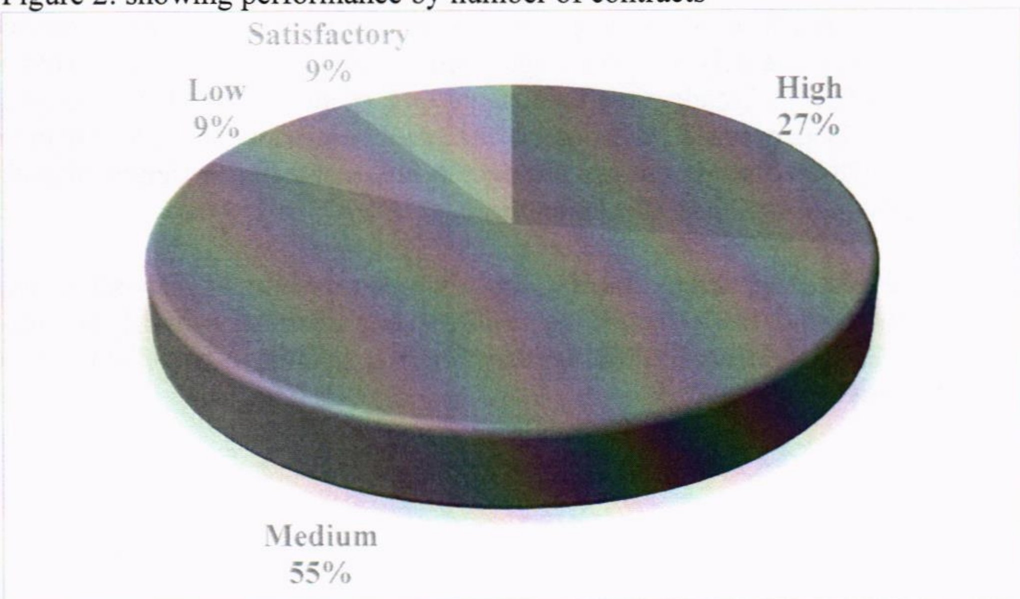


Figure 2: showing performance by number of contracts



3.4 Audit Opinion/Conclusion

The compliance inspection of the Entity for the Financial Year 2024/2025 reveals significant systemic weaknesses and instances of non-compliance with the PPDA Act, Cap. 205, the PPDA Regulation 2023 and PPDA Guidelines.

The Entity's Procurement and Disposal Unit is critically understaffed and operates without adequate storage infrastructure, creating conditions conducive to inefficiency and record loss. These operational gaps are compounded by the Entity's persistent failure to fully implement audit recommendations from the previous financial year, with 54% of recommendations either partially or wholly unimplemented, signalling a weak compliance culture and a weak internal accountability mechanism.

Of particular concern are the integrity-related findings. The contracting of firms that did not participate in the bidding process, and the issuance of call-off orders to firms without existing framework agreements, which violate the foundational principles of transparency, competition, fairness, and accountability enshrined in the PPDA Act Cap. 205. These irregularities are indicative of potential unethical conduct by members of the Contracts Committee and the Head, Procurement and Disposal Unit, and may warrant scrutiny beyond the scope of this audit.

Significant process inefficiencies, including an average delay of nearly six months from procurement initiation to issuance of bidding documents, further impede timely service delivery. These delays, driven largely by User Departments' failure to submit statements of requirements in time, reflect a broader institutional culture of non-compliance and poor coordination among User Departments. Inadequately drafted bidding documents across eight procurements worth over UGX 1 billion risk generating non-responsive bids, potential disputes between the Entity and bidders and limiting competition.

Collectively, these findings demonstrate that the Entity's procurement and disposal system needs improvement. The cumulative effect of the deficiencies poses a serious risk to public resources, undermines service delivery to intended beneficiaries, and may expose the Entity to legal and financial liability.

3.5 Recommendation Action plan

Kumi Municipal Council should implement the recommendations in Table 16 within the given timeframe to improve its performance in Procurement and Disposal.

Table 16: Recommended Action plan

S/No.	Recommendation	Target Date
1.	The Accounting Officer should;	
	i. Prioritise strengthening the Procurement and Disposal Unit by engaging the relevant authorities to secure adequate wage allocation for the recruitment of a Procurement Assistant, in line with the approved staff structure in accordance with Section 28 1 (c) of the PPDA Act, Cap. 205. In the interim, the Accounting Officer should implement appropriate workload management measures, including formal task allocation and support mechanisms to sustain procurement operations and maintain efficiency in service delivery.	September 2026
	ii. Establish and appoint a dedicated task force responsible for effective monitoring and implementation of all audit recommendations. The task force must put in place a robust mechanism to guarantee that all recommendations are systematically tracked and enforced in compliance with Section 10 (1) (a) of the PPDA Act, Cap. 205.	Immediate
	iii. Fast track the construction of the administration block to facilitate the Procurement and Disposal Unit with sufficient space and filing cabinets to properly execute its function in accordance with Section 33 (o) of the PPDA Act, Cap. 205;	Immediate
	iv. Implement immediate interim control measures to safeguard procurement records, including providing filing cabinets and ensuring controlled access.	October 2026
	v. Along with management, regularly carry out a review of the implementation of the procurement plan. In the event that amendments are made to departmental work plans, the procurement plan should be updated in accordance with Section 60(7) of the PPDA Act, Cap. 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023 and always execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning unspent balances to the consolidated fund;	July 2026
	vi. Earmark 15% of the annual procurement plan for award of contracts to registered associations of Women, Youth, and Persons with Disabilities in accordance with Guideline 11 of 2024, Clause 2.1 (i), which mandates reserving at least 15% of the annual procurement budget for these groups;	July 2026
	vii. Task the Contracts Committee to explain why contracts were awarded to M/s Jarplex Co. Limited and M/s Yusufu Ayub Motor Garage Ltd without undertaking a due competitive bidding process and submit a detailed explanation and basis upon which these contracts were awarded;	June 2026
	viii. Desist from signing contracts unless the Contracts Committee makes an award decision in accordance with Regulation 6 (1) (a) of the PPDA (Contracts) Regulations, 2023;	Immediate
	ix. Only approve the initiation of a procurement requirement with the respective statements of requirements in accordance with Regulations 3 (2) (a) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;	Immediate

S/No.	Recommendation	Target Date
	x. Strengthen engagements with bidders to actively encourage their participation in the Entity's procurement and disposal processes to promote competitive bidding in accordance with Section 49 of the PPDA Act, Cap. 205;	September 2026
	xi. Together with the Head, Procurement and Disposal Unit plan for disposal of assets in a timely manner in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023; and	July 2026
	xii. Task Contract Managers to perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.	October 2026
2.	The Contracts Committee should:	
	i. Carefully review evaluation reports and ensure that principles of fairness and transparency are observed during the evaluation process in accordance with Section 48 of the PPDA Act, Cap. 205 before approving the evaluation reports;	Immediate
	ii. Issue a decision on any matter or request submitted to it by the Procurement and Disposal Unit within ten working days in accordance with Regulation 7 (3) of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and	Continuous
	iii. Scrutinize all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Continuous
3.	The Head, Procurement and Disposal Unit should:	
	i. Accurately report all awarded procurements using Form 2, monthly report on procurement, as provided under the Schedule to the PPDA (Procurement and Disposing Entities) Regulations, 2023;	Immediate/ Continuous
	ii. Uphold ethical principles in conducting procurement and disposal activities in accordance with Section 52 of the PPDA Act, Cap. 205.	Continuous
	iii. Ensure compliance with the PPDA Act Cap. 205, PPDA Regulations and uphold best practices in accordance with Section 34 (c) of the PPDA Act, Cap. 205.	Continuous
	iv. Avoid restrictive requirements in bidding documents in accordance with Regulation 47 (5) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;	Continuous
	v. Only request for a bid securing declaration for procurements under the restricted domestic bidding and quotation procurement methods in accordance with Regulation 63 (9) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;	Immediate
	vi. Prepare and issue bidding documents that have clear, complete, and precise information that defines the procurement requirement without leaving room for doubt, ambiguity, or assumption by bidders in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Section 67 (2) (a) (b) of the PPDA Act, Cap. 205;	Immediate
	vii. While drafting bidding documents, always state the bid validity date in accordance with Regulation 62 (1) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;	Immediate
	viii. Strengthen its internal review and quality-assurance mechanisms to	Continuous

S/No.	Recommendation	Target Date
	ensure that all solicitation documents are sufficiently detailed and consistent across sections; ix. Prepare contract documents with clear contract details in accordance to Regulation 9 (1) of the PPDA (Contracts) Regulations, 2023 x. Consolidate the assets identified for disposal into a formal disposal plan and commence the necessary disposal processes in accordance with Regulation 2(2) of the PPDA (Disposal of Public Assets) Regulations, 2023.	July 2026
4.	User Departments should initiate a process for disposal of public assets where the board of survey report of the entity recommends for the disposal of a public asset in accordance with Regulation (3) (2) (Disposal of Public Assets) Regulations, 2023.	August 2026
5.	The Evaluation Committees should strictly adhere to the evaluation criteria outlined in the solicitation documents. Firms that do not comply should be eliminated in accordance with Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023.	Continuous

ANNEXES

ANNEX 1: RISK RATING PER CASE

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	**Subject:** Phased construction of administration block for KMC offices **Ref. No**: KMC717/WRKS/2024-2025/00001 LOT1 **Method:** RFQ **Contractor** Sanitation Africa Ltd **Value**: UGX 296,985,232	• Inefficiencies in the procurement process. • Inadequately drafted bidding document • Restrictive requirements in the bidding document • Weak contract Management
2.	**Subject:** Supply of fuel, oils and lubricants **Ref. No**: KMC717/SUPLS/2024-2025/00003 **Method**: Open Bidding /FW **Contractor** Osipitano Enterprises (U) Ltd **Value:** UGX 491,023,628	• Inadequately drafted bidding document • Irregularities at evaluation
3.	**Subject:** Supply of road construction materials **Ref. No**: KMC717/SUPLS/2024-2025/00004 **Method:** Open Bidding **Contractor** Rill contractors and Investment Company Ltd **Value:** UGX 39,160,000	• Contracting a firm that did not participate in the procurement process • Inefficiencies in the procurement process • Irregularities at evaluation • Inadequate bidding document

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
4.	**Subject:** Phased construction of maternity ward at Aterai health centre III **Ref. No**: KMC717/WRKS/2024-2025/00001 **Method:** RFQ **Contractor** Sanitation Africa Ltd **Value**: UGX 154,165,333	• Inadequately drafted bidding document. • Inaccurately reported • Restrictive requirements in the bidding document.
5.	**Subject:** Maintenance of vehicles and motor cycles **Ref. No**: KMC717/SRVCS/2024-2025/00001 **Method:** OB **Value:** UGX 131,340,007 **Contractors:** Rew As Investment Ltd Yusufu Ayub Motor Garage Ltd	Issuing call off orders to firms that did not participate in the bidding process
6.	**Subject:** Completion of 3 classroom block at Amejei primary school **Ref. No**: KMC717/WRKS/2024-2025/00001 **Method:** RFQ **Contractor** Jowash Tech Services Ltd **Value:** UGX 59,737,205	• Inefficiencies in the procurement process • Weak contract management • Inaccurately reported
7.	**Subject:** Supply and installation of solar lights **Ref. No**: KMC717/SRVCS/2024-2025/00003 **Method:** RFQ **Contractor** Nurd investment Ltd **Value:** UGX 34,225,000	• Inefficiencies in the procurement process • Inadequate bidding document • Lacked ESHS aspects in the bidding document and in the contract • Inaccurately reported

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
8.	**Subject:** Construction of 5 stance lined pit latrine at Otipe primary school **Ref. No**: KMC717/WRKS/2024-2025/00002 lot 11 **Method:** RFQ **Contractor** Ojoktau Technical Services Ltd **Value:** UGX 31,851,150	• Low bidder participation • Inaccurately reported

No	LOW RISK CONTRACTS	REASONS FOR MEDIUM RISK
9.	**Subject:** Construction of 5 stance lined pit latrine at Bazaar Primary School **Ref. No**: KMC717/WRKS/2024-2025/00002 lot 06 **Method:** RFQ **Contractor** U-Best (U) Ltd **Value:** UGX 31,825,989	Low bidder participation
10.	**Subject:** Construction of 5 stance lined pit latrine at Amejei Primary school **Ref. No**: KMC717/WRKS/2024-2025/00002 lot 03 **Method:** RFQ **Contractor** Omodimax General Investments Ltd **Value** UGX 31,811,030	Inaccurately reported

No	SATISFACTORY CONTRACTS
11.	**Subject:** Construction of 5 stance lined pit latrine at Kabata **Ref. No**: KMC717/WRKS/2024-2025/00002 **Method:** RFQ **Contractor** Kegei Telcom Ltd **Value** UGX 31,545,294

Annex 1: Transaction list and rating per case

No	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk Rating
1.	KMC717/WRKS/2024-2025/00001 LOT1	Phased construction of administration for KMC offices	RFQ	Sanitation Africa Ltd	296,985,232	H
2.	KMC717/WRKS/2024-2025/00001	Phased construction of maternity ward at Aterai health centre III	RFQ	Sanitation Africa Ltd	154,165,333	M
3.	KMC717/SUPLS/2024-2025/00003	Supply of fuel, oils and lubricants	OB	Osipitano Enterprises (U) Ltd Fahaab Energy Limited	491,023,628	H
4.	KMC717/WRKS/2024-2025/00001	Completion of 3 classroom block at Amejei primary school	RFQ	Jowash Tech services Ltd	59,737,205	M
5.	KMC717/SUPLS/2024-2025/00004	Supply of road construction materials	OB	Rill contractors and Investment Company Ltd	39,160,000	H
6.	KMC717/SRVCS/2024-2025/00003	Supply and installation of solar lights	RFQ	Nurd investment ltd	34,225,000	M
7.	KMC717/WRKS/2024-2025/00002 lot 03	Construction of 5 stance lined pit latrine at Amejei primary school	RFQ	Omodimax General Investments Ltd	31,811,030	L
8.	KMC717/WRKS/2024-2025/00002 lot 11	Construction of 5 stance lined pit latrine at Otipe primary school	RFQ	Ojoktau Technical Services Ltd	31,851,150	M
9.	KMC717/WRKS/2024-2025/00002 lot 06	Construction of 5 stance lined pit latrine at Bazaar primary school	RFQ	U-Best (U) Ltd	31,825,989	L
10.	KMC717/WRKS/2024-2025/00002	Construction of 5 stance lined pit latrine at Kabata	RFQ	Kegei Telcom Ltd	31,545,294	S
11.	KMC717/SRVCS/2024-2025/00001	Maintenance of vehicles and motor cycles	OB	Rew As Investment Ltd Yusufu Ayub Motor Garage Ltd	131,340,007	M
				Total	**1,333,669,868**	

Annex 2: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	**Planning:** Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to	**Planning:** Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of	This implies lack of efficiency, standardisation and avoiding competition.

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

RISK	DESCRIPTION	AREA	IMPLICATION
	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.