



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
"Procurement That Delivers"

**Our Ref:** PPDA/MOH/111

**Your Ref:**

23<sup>rd</sup> February 2022

The Permanent Secretary  
Ministry of Health  
P.O Box 7272  
**KAMPALA**

**BID PREPARATORY AUDIT EXERCISE FOR THE SUPPLY, INSTALLATION,  
COMMISSIONING AND MAINTENANCE OF CT SCAN MACHINES REF NO:  
MOH/SPLS/21-22/00199**

Reference is made to the above subject.

The Authority received a complaint from a whistleblower highlighting anomalies in the bidding document of the aforementioned procurement that could deter competition.

In accordance with Section 7 (j) (i) of the PPDA ACT, 2003 as amended, the Authority instituted a bid preparatory audit into the procurement.

The audit exercise involved a review of the procurement planning, requisition/initiation and solicitation document issued to bidders following the Public Procurement and Disposal of Assets Act, 2003, the PPDA Regulations and relevant guidelines.

The objectives of the audit were to:

1. Ensure that public procurement planning and requisition was conducted in a manner which promotes transparency, accountability and fairness in accordance with the PPDA Act, 2003, the Central Governments (PPDA) Regulations, 2014 and attendant guidelines; and
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act 2003, the Central Governments (PPDA) Regulations, 2014 and attendant guidelines.

The Authority identified a number of exceptions for the attention of management. The purpose of this letter therefore is to communicate the following findings and recommendations for your attention and action:

1 of 4

**Head Office**

PPDA - URF Towers, Plot 39  
Nakasero Road  
P.O.Box 3925, Kampala Uganda  
Tel: +256-414-311100  
Email: info@ppda.go.ug

**Western Regional Office**

RDC's Building, Bishop Stretcher Road,  
Opposite BOU Currency Centre, Mbarara-Kabale Road  
P.O. Box 1353, Mbarara, Uganda.  
Tel: +256-417-733800  
Email: mbararaoffice@ppda.go.ug

**Northern Regional Office**

Plot 1, Lower Churchill Drive  
P.O. Box 999, Gulu, Uganda  
Tel: +256-417-432010  
Email: guluoffice@ppda.go.ug

**Eastern Regional Office**

Oval Plaza, Plot 1, Court Road  
P.O. Box 2173, Mbale, Uganda  
Tel: +256-417-890100  
Email: mbaleoffice@ppda.go.ug



PPDA Uganda



@PPDAUganda



PPDA Uganda



info@ppda.go.ug

www.ppda.go.ug

## **1.0 Procurement Planning and Initiation process**

### **1.1 Procurement Plan for FY 2021/22**

The Authority reviewed the Entity's procurement plan for the FY 2020/21 and noted that whereas this particular procurement had been planned and budgeted for at a cost of UGX 20,700,000,000, it was initiated on 20<sup>th</sup> December 2021 at a cost of UGX 21,667,499,000 implying a variance of UGX 967,499,000 between the planned/budgeted amount and the estimated amount at initiation.

Variances between planned/estimated amounts and estimated amounts leads to domestic arrears.

The Accounting Officer should task the Head Procurement and Disposal Unit together with the responsible User Department in accordance with Section 58 (4) and (5) of the PPDA Act, 2003 ensure that on a quarterly basis the procurement plan is reviewed and updated to include new procurement requirements whenever necessary and also ensure that the Secretary to the Treasury and the Authority are notified of any changes made submitting to them the updated and approved plan.

## **2.0 Preparation of the Solicitation document**

### **2.1 Contradictions in the eligibility of bidders**

The Authority noted that Item No.3 of the bid invitation notice provided that bidding documents in English may be obtained on the submission of a written application to the Entity's address upon payment of a non-refundable fee of UGX 100,000 or equivalent. The method of payment will be by direct payment to Uganda Revenue Authority via authorized commercial banks in Uganda. Bidders shall present acknowledgement of payment before being issued with the bidding document. Only manufacturers are permitted to bid.

The Authority noted that ITB 5.5 of the solicitation document provided that bidders shall be required to include with their bids, proof of being a manufacturer or documentation from the Manufacturers of the supplies that it has been fully authorized to supply in Uganda or East Africa. Bidders shall indicate in their bids by submitting the manufacturer's authorization using the Form in Section 4, bidding forms. The brand and model of the equipment authorized for supply should be indicated in the manufacturer's authorization letter.

The Authority noted that even if a bidder is not the manufacturer of the supplies it intends on providing, it can meet the requirements under ITB 5.5 by submission of a manufacturer's authorization which contradicts the eligibility requirement as per the bid invitation notice that provided that only manufacturers are eligible to bid. A manufacturer's authorization should not be a requirement where eligibility has been restricted to manufacturers only.

In light of the above, the Authority recommends that the Head, Procurement and Disposal Unit should clarify to bidders as to the ambiguity between the requirement of a manufacturer's authorization and the restriction of the eligibility to bid to only manufacturers.

## **2.2 Restrictive evaluation criteria**

The Authority noted that ITB 5.5 of the solicitation document provided that bidders shall demonstrate capacity by providing proof of supply and installation of similar medical equipment or any other medical equipment of such complexity in one contract amounting to UGX 20 Billion in the last three years. Further, bidders are also required to demonstrate experience by providing proof of supply, installation, maintenance and performance of at least 3CT scanners in the last three years in Uganda by attachment of installation completion certificates and recommendation letters of good performance.

The Authority noted from a review of the 19<sup>th</sup> Contracts Committee meeting minutes dated 7<sup>th</sup> January 2022 that the open international bidding method was approved for use by the Contracts Committee which implied that foreign bidders who may have never supplied, installed or maintained equipment in Uganda are eligible to bid.

The Authority therefore found that the evaluation criteria on experience as provided under ITB 5.5 was restrictive in contravention of Sections 44, 45 and 46 of the PPDA Act, 2003 as amended.

The Authority recommends that the Entity should amend the evaluation criterion included in ITB 5.5 in order to promote fairness and competition in accordance with Sections 44, 45 and 46 of the PPDA Act, 2003 as amended.

## **2.3 Maintenance of proposed equipment**

The Authority noted that on 16<sup>th</sup> July 2021, the National Advisory Committee on Medical Equipment in a letter to the Accounting Officer proposed that the maximum of three years warranty be considered for purposes of the aforementioned supplies (one year warranty and two years extended warranty) in order to reduce the equipment cost in the short and long run given that the terms of reference provided for training of certified service engineers.

The Authority reviewed the solicitation document and noted that Item 5 (a) of the terms of reference provided that the CT scan machines are expected to be operated from Monday to Sunday with an average load of 20 scans per day. In order to keep the CT scan machines in working condition, the contractor shall provide an annualized 7 years priced maintenance proposal including an extended warranty and tube replacement to service and repair the 14 CT scan and MRI machines for 7 years.

The Authority found that Item 5 (a) of the terms of reference did not take into consideration the recommendation of the National Advisory Committee on Medical Equipment which would lead to a reduction in cost.

The Authority recommends that the Entity should take into consideration the recommendation of the National Advisory Committee on Medical Equipment on the duration of the extended warranties as a cost saving measure.

## **2.4 Preference schemes for promotion of local content**

Section 59 (A) (1) (a) of the PPDA Act, 2003 as amended provides that preference schemes shall be applied in respect of goods, works and non-consultancy services, where the open domestic or

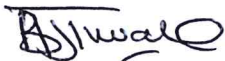
open international bidding methods are used, with a specified margin of preference being added during the financial comparison stage of the evaluation process to the evaluated price of the bid which does not qualify for preference.

The audit noted that whereas a margin of preference applies to this procurement, it was indicated as per ITB 35.1 that margins of preference were not applicable in contravention of Section 59 (A) (1) (a) of the PPDA Act, 2003 as amended.

Failure to make provisions on preference schemes to promote local content defeats government efforts to encourage the local business community to do business with the government.

The Authority recommends that the Head, Procurement and Disposal Unit to make consideration for provisions for preference schemes in the bidding document in accordance with Section 59 (A) (1) (a) of the PPDA Act, 2003 as amended.

The purpose of this letter is to forward to you the findings from the bid preparatory audit exercise for your implementation. In order to administer and enforce compliance with the provisions of the PPDA Act 2003, the Accounting Officer should ensure that an addendum is issued to all bidders and that the bid submission deadline be extended to allow potential bidders sufficient time to prepare responsive bids.



Benson Turamye

**EXECUTIVE DIRECTOR**

- cc: Chairperson Contracts Committee
- cc: Head Procurement and Disposal Unit