

PPDA/UPS/145

4<sup>th</sup> September 2023

The Accounting Officer  
Uganda Prisons Service  
P.O Box 7182  
**KAMPALA**

**RE: BID PREPARATORY AUDIT EXERCISE FOR THE FRAMEWORK CONTRACT FOR PROCUREMENT OF INDUSTRIAL PRODUCTION MATERIALS AND FURNITURE ACCESSORIES AT UGANDA PRISONS-PROCUREMENT REFERENCE: UPN/SUPS/2023-2024/00016**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) on 30<sup>th</sup> August 2023 conducted a bid preparatory audit for the framework contract for procurement of industrial production materials and furniture accessories at Uganda Prisons which is to be undertaken this Financial Year 2023/24. The audit exercise involved a review of procurement planning, requisition/initiation and solicitation document issued to bidders following the Public Procurement and Disposal of Assets Act, 2003, the Regulations, 2014 and Guidelines 2014.

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, and the Regulations, 2014; and
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act 2003, and the Regulations, 2014.

The Authority identified some exceptions for the attention of management as detailed below:

***Objective 1: To establish whether the public procurement planning and requisition process was conducted in a manner which promotes transparency, accountability and fairness in accordance with the Public Procurement and Disposal of Public Assets Act 2003, and the Regulations, 2014***

**1.1 Lack of an approved procurement plan**

The Entity has no approved procurement plan for the financial year 2023-2024 contrary to Section 58 of the PPDA Act, 2003 which requires a procuring and disposing entity to prepare

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and submit to the Secretary to the Treasury and to the Authority its annual plan for the financial year.

**Implication**

Efficiency and effectiveness of the procurement process, which are core principles of public procurement, cannot be tracked/measured without a procurement plan.

**Recommendation**

The Accounting Officer should adhere to Section 58 of the PPDA Act and prepare a procurement plan for the financial year 2023-2024.

**1.2 Incomplete initiation form**

Regulation 3 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Non-consultancy Services and Works) Regulations, 2014 states that a procurement requirement shall be initiated using Part 1 of Form 5 in the schedule. Form 5 has a section titled *availability of funds to be confirmed prior to approval by Accounting Officer* where key information from the budget has to be filled before the Accounting Officer approves the procurement.

The Authority observed that the funds availability section was not fully filled. Information on the Vote head, Programme, Sub-programme were not indicated to guide the Accounting Officer before commitment of funds. Whereas the *balance remaining* was filled, this figure could not be attached to a particular item code in the budget.

**Implication**

The Accounting Officer committed that funds were available without adequate information to guide his decision.

**Recommendation**

The User departments should fill all the details in the initiation form to guide decision making.

***Objective 2: Whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act 2003 and the Regulations 2014***

**2.0 Inclusion of VAT Registration in the evaluation criteria**

Circular No.1 of 2015 states that VAT registration should not be part of the requirements for any bidding process. The Uganda Revenue Authority (URA) is not under any obligation to register any person who does not qualify for VAT registration as provided for under the VAT Act, Cap 349. For purposes of bidding, a TIN registration certificate and Tax Clearance are sufficient proof for compliance.

The Authority found that the Procurement and Disposal Unit included the requirement for VAT registration under ITB 11.1 of the bidding document contrary to the requirements in Circular No.1 of 2015.

**Implication**

Bidders may be unfairly eliminated for the failure to comply with the requirement.

### **Recommendation**

The Head Procurement and Disposal Unit should adhere to Circular No.1 of 2015 and remove the provision for VAT Certificate of Registration under ITB 11.1.

#### **2.1 Unspecified details on application of Margin of Preference**

ITB 35.1 of the bidding document states that unless otherwise specified in the Bid Data Sheet (BDS), a margin of preference shall not apply. Where a Margin of Preference applies, its application and detail shall be specified in Section 3, Evaluation Methodology and Criteria. The Authority observed that whereas the bidding document states that a margin of preference shall apply, Section 3, Evaluation Methodology and Criteria does not specify its application and details.

### **Implications**

- The bidders will not be guided on how to benefit from the margin of preference.
- The evaluation committee will not be guided on how to evaluate bids that benefit from the margin of preference.

### **Recommendation**

The Head Procurement and Disposal Unit should amend the bidding document and specify how the margin of preference will be applied. In the event a margin of preference will not be applicable, the bidding document should state so.

### **Conclusion:**

The purpose of this letter is to forward to you the findings from the bid preparatory audit exercise. In order to administer and enforce compliance with the provisions of the PPDA Act 2003, Regulations and Guidelines, the Entity is required to implement the recommendations of the Authority contained in this letter.



Dr. Aloysius M. Byaruhanga (PhD)

**FOR: EXECUTIVE DIRECTOR**

c.c. Chairperson, Contracts Committee

c.c. Head Procurement and Disposal Unit