

**PPDA/MOLG/011**

20<sup>th</sup> August 2024

The Permanent Secretary  
Ministry of Local Government  
P. O. Box 7037  
**KAMPALA**

**BID PREPARATORY AUDIT EXERCISE FOR THE CONSTRUCTION OF OMINYA SOLAR POWERED IRRIGATION SYSTEM AND PALAM MULTI-PURPOSE WATER SUPPLY IN KATAKWI DISTRICT PROCUREMENT REFERENCE MOLG-KAT/WRKS/2023-2024/00065/LEGS AND MOLG-KAT/WRKS/2023-2024/00066/LEGS**

Reference is made to the above subject.

On 12<sup>th</sup> August 2024, the Public Procurement and Disposal of Public Assets Authority (PPDA) in accordance with Section 8 1 (j) (i) of the PPDA Act Cap 205 conducted bid preparatory audits for Construction of Ominya Solar Powered Irrigation System and Palam Multi-Purpose Water Supply in Katakwi District.

The objectives of the audit were to:

1. Establish whether the public procurement planning and requisitioning processes were conducted in accordance with the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines; and;
2. Establish whether the solicitation document issued was drafted in a manner which promotes transparency, accountability and fairness to the bidders in accordance with the provisions of the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines.

The scope of the bid preparatory audits entailed a review of the procurement requisition form, solicitation document and bid notice as well as the approvals of the Contracts Committee. The areas of the solicitation document analyzed were; Instructions to Bidders, Bid Data Sheet, Evaluation Methodology and Criteria, Bidding Forms and the Special and General Conditions of Contract.

The Authority identified the following exceptions with regard to the procurement planning and requisition processes, and the solicitation document for the attention of management.

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## CONSTRUCTION OF OMINYA SOLAR POWERED IRRIGATION SYSTEM

### **1.0. *Whether the public procurement planning and requisitioning processes were conducted in accordance with the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines***

#### **1.1 Discrepancies in the procurement reference numbers**

The audit noted that the procurement reference number that was stated in the advert in the New Vision newspaper was MOLG-KAT/WRKS/2023-2024/00065/LEGS, whereas the one stated in the procurement initiation form was MOLG-KAT/WRKS/2024-2025/00065/LEGS. This may be confusing to bidders.

#### **Recommendation**

The PDU should correct the procurement reference numbers in the advert.

#### **1.2 Lack of an approved procurement plan for FY 24/25**

The audit noted that the Entity and the Local Economic Growth Support project did not have a procurement plan. A procurement plan guides expenditure patterns of the entity, therefore the lack of a procurement plan exposes the entity to irrational spending.

#### **Recommendation**

The Entity should submit their procurement plan to the Authority in accordance with Section 60 (1) of the PPDA Act, Cap 205.

#### **1.3 Inclusion of the wrong administrative review procedure in the procurement arrangement.**

The Authority noted that the Executing Agency (Ministry of Local Government) suggested decentralization of the procurement function. The Ministry prepared the operations manual for the procurement arrangements. Under the detailed steps and responsibilities for project implementation for procurement under No. 13 Administrative Review, the Authority noted that PPDA was included as the third tier in the administrative review process. This is irregular.

#### **Recommendation**

The Entity should remove PPDA in this tier, and include the correct the administrative review process.

### **2.0. *Whether the solicitation document issued to bidders was drafted in a manner which promotes transparency, accountability and fairness to the bidders in accordance with the provisions of the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines***

#### **2.1 Errors in the bidding document**

The bidding document under ITB 1.1 stated that the lots comprising the bid were two lots. The Authority noted that the procurement was not lotted. This is misleading to the bidders.

Under ITB 11.1 (i) Technical Qualification required turnover of UGX 3 billion in figures whereas the required turnover in words was indicated as UGX 5 billion. This is contradictory.

**Recommendation**

The Entity should rectify the errors in the solicitation document.

**2.2 Conflicting years in the Bid Data Sheet**

The solicitation document required evidence of financial capacity with a minimum average turnover of UGX 3,000,000,000 for each Financial Year for the last three years, however the years that were indicated were four calendar years i.e 2020,2021,2022 and 2023. This could lead to subjective interpretation of the Financial Years by the bidders.

**Recommendation**

The years should clearly be stated in Financial Years.

**2.3 Contradicting Personnel requirements under evaluation criteria and the Special Condition of Contract**

The Authority noted that the requirements for personnel under the evaluation criteria and Special Conditions were contradictory which could lead to subjectivity during evaluation as evidenced in Table 1 below:

**Table 1: Personnel Requirement**

No.	Key Personnel under the Evaluation Criteria	Key Personnel Under Special Conditions of Contract
1.	Contract Manager	Project Manager (01)
2.	Site Engineer	Site Manager (02)
3.	Water Resources Expert/Irrigations Engineer	Water Resources Expert/Irrigations Engineer
4.	Site Surveyor	-
5.	Draughts Person	-
6.	Electro-Mechanical Technician	-
7.	Environmental Officer	Environmental Specialist (02)
8.	Health and Safety Officer	Health and Safety Specialist (02)
9.	Works Foreman (General)	-
10.	Site Foreman – Plumbing Works	Foremen (3)
11.	Site Foreman – Bricklaying and Concrete Practice	Foremen (3)
12.	Site Foreman – Carpentry and Joinery	Foremen (3)
13.	-	Social Specialist

## **2.4 Failure to state the tender fees**

There was no mention of the tender fees to be paid by the prospective bidder/contractor (s) under ITB 11.1 (i) in order to access the bidding documents and drawings. This could be misleading to the bidders.

### **Recommendation**

The Entity should state the price in the bidding document for avoidance of doubt.

## **CONSTRUCTION OF PALAM MULTI-PURPOSE WATER SUPPLY**

### **1.0. Whether the public procurement planning and requisitioning processes were conducted in accordance with the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines**

#### **1.1 Discrepancies in the procurement reference numbers**

The audit noted that the procurement reference number that was stated in the advert in the New Vision newspaper was MOLG-KAT/WRKS/2023-2024/00066/LEGS, whereas the one stated in the procurement initiation form was MOLG-KAT/WRKS/2024-2025/00066/LEGS. This may be confusing to bidders.

### **Recommendation**

The PDU should correct the procurement reference numbers in the advert.

#### **1.2 Lack of an approved procurement plan for FY 24/25**

The audit noted that the Entity and the Local Economic Growth Support project did not have a procurement plan. A procurement plan guides expenditure patterns of the entity, therefore the lack of a procurement plan exposes the entity to irrational spending.

### **Recommendation**

The Entity should submit their procurement plan to the Authority in accordance with Section 60 (1) of the PPDA Act, Cap 205.

### **2.0. Whether the solicitation document issued to bidders was drafted in a manner which promotes transparency, accountability and fairness to the bidders in accordance with the provisions of the PPDA Act Cap 205, PPDA Regulations 2023 and PPDA Guidelines**

#### **2.1 Discrepancies in the number of lots**

The audit noted in that the bidding document under ITB 1.1, that the number of lots stated in the bidding document were two. However, the procurement is not lotted. This is misleading to the bidders.

### **Recommendation**

The Entity should rectify this error in the bidding document.

## **2.2 Failure to request for documentation addressed to the Entity**

ITB 11.1 stated that the Entity required “a Transactional Tax Clearance Certificate for 2024. This could be misleading to the bidders.

### **Recommendation**

The Entity should state that the “Transactional Tax Clearance should be addressed to the Entity”, or a Tax Clearance Certificate 2024.

## **2.3 Failure to state the tender fees**

There was no mention of the tender fees to be paid by the prospective bidder/contractor (s) under ITB 11.1 (i) in order to access the bidding documents and drawings. This could be misleading to the bidders.

### **Recommendation**

The Entity should state the price in the bidding document for avoidance of doubt.

## **2.4 Failure to clearly state the number of years under review**

Under the financial capacity ITB 11.1 (i) B, the Entity stated that “*The bidder should show evidence of Financial Capacity with a minimum average turnover of UGX 800,000,000 (Uganda Shillings Eight Hundred Million) for each Financial Year for the last three years (2020, 2021, 2022 and 2023) or (2020/2021, 2021/2022, 2022/2023). The documents required to show evidence of the required turnover shall be copies of audited books of accounts certified by registered Public Accountants/Auditors for the last three financial years.*”. This could lead to subjective interpretation of the years by the bidders.

### **Recommendation.**

The Bidding documents should clearly state the years under financial review since it stated four years and yet three financial years were indicated.

## **2.5 Discrepancies in the bid opening date**

ITB 25.1 stated that “*The deadline for bid submission is 6th September 2024 at 12:00pm.*” Whereas the information to which reference was made to was “*Bid opening at 6th September 2024 at 12:00pm*”. This error could mislead the bidders.

### **Recommendation**

The Entity should correct the errors in the bidding document.

## **2.6 Updating the Table of Contents**

The Audit noted that the bidding document indicated “Error!” in the Table of contents on page 39, under evaluation criteria 2.2, 2.3 and 2.5, implying that there is no information in the main text.

### **Recommendation**

The Entity should update the Table of Contents in the bidding document.

### **2.7 Discrepancies in credit line amounts required by the contractor**

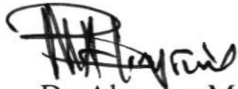
ITB 11.1 (i) stated that the contractor should have a Line of credit addressed to the project in question in excess of **UGX 1,000,000,000** (One Billion Uganda Shillings). However, Sub factor 3.1 under Financial stated that *“The Bidder shall demonstrate that it has access to, or has available, liquid assets, unencumbered real assets, lines of credit, and other financial means (independent of any contractual advance payment) sufficient to meet the construction cash flow requirements estimated as **UGX 500,000,000/=** for the subject contract(s) net of the Bidders other commitments.”* The amounts are in contradiction of one another and may confuse bidders.

### **Recommendation**

The Entity should reconcile the differences in the credit line amounts in the bidding document.

The Entity should address the issues raised in this issue letter at the pre- bid meeting/ site visit where applicable and report to the Authority on the same.

The purpose of this letter is to forward the findings of the bid preparatory audit exercise. In order to administer and enforce compliance with the provisions of the PPDA Act Cap 205, Regulations 2023 and Guidelines, the Entity is required to implement the recommendations of the Authority contained in this letter.



Dr. Aloysius M. Byaruhanga

**FOR: EXECUTIVE DIRECTOR**

cc: Chairperson, Contracts Committee

cc: Head, Procurement and Disposal Unit