



PPDA/PALI/919

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

15<sup>th</sup> November 2024

The Chief Administrative Officer  
Pallisa District Local Government  
P. O. Box 14  
**PALLISA**

**BID PREPARATORY AUDIT EXERCISE FOR CONSTRUCTION OF A  
DISTRIBUTION NETWORK FOR CHELEKURA PIPED WATER SYSTEM PHASE  
III**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a bid preparatory audit for construction of a distribution network for Chelekura piped water system phase III. 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 Public Assets Act, Cap 205 and the attendant PPDA Regulations.

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 Cap 205 and the attendant PPDA Regulations 2023; and
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act Cap 205 and the attendant PPDA Regulations 2023.

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:

**1.0 Procurement Planning and Initiation process**

**1.1 Delayed initiation of the procurement**

Whereas the planned bid invitation date was 7<sup>th</sup> October 2024, the actual invitation of bidders was carried out on Friday 8<sup>th</sup> November 2024, a delay of 32 days.

**Implication**

These initial delays may affect the timely delivery of the services to the intended beneficiaries.

**Recommendation**

The Accounting Officer should going forward ensure that all procurements are executed in accordance with the timelines indicated in the procurement plan to avoid delayed service delivery in line with Section 51 of the PPDA Act Cap 205

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## **2.0 Preparation of the solicitation document**

### **2.1 Failure to provide for a pre-bid meeting and site visit in the bidding document and bid notice**

Regulation 60 (1) of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy Services) Regulations 2023 provide that a Procuring and Disposing Entity may hold pre-bid meetings to allow potential bidders to seek clarification or access to project sites where applicable. It further provides that the arrangements for a pre bid meeting shall be included in the bidding documents and where they are not included in the bid documents, information on a pre-bid meeting shall be sent to all bidders who purchased or were issued the bidding documents. There was no provision for a pre-bid meeting in the bidding document for the selected procurement irrespective of the complexity of the procurements and inconsistencies in the bidding document which may lead to bidders submitting nonresponsive bids.

#### **Implications**

- This denies bidders a chance to express their concerns about the solicitation documents and scope of works which might affect contract implementation.
- This may lead to failure to provide uniform information to bidders.
- This may lead to submission of non-responsive bids by the bidders.

#### **Recommendation**

The Head Procurement and Disposal Unit should ensure that an addendum to the bidding document is issued with Contracts Committee approval to provide for a pre-bid meeting and also ensure that the meeting is held and minutes sent to all bidders participating in the procurement process and in the event that bidders do not show up for the pre bid meeting, a record is made to that effect in accordance with Regulation 60 (1) of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy Services) Regulations 2023.

### **2.2 Inadequate Environmental, Social, Health and Safety requirements**

The requirement pertaining ESHS issues was inadequate. It simply required bidders to allow for environmental restoration on grass and trees destroyed. The requirement did not elaborate the quantities of the trees required and was further silent on Social, Health and Safety issues.

#### **Implication**

This may lead serious ESHS issues being left out and unattended to during project execution which may negatively impact on the planned objectives of the procurement.

#### **Recommendation**

Head Procurement and Disposal Unit together with the Environmental Officer and the District Community Development Officer should ensure that a project brief is done for this procurement in order to come out with clear ESHS issues that need to be addressed during project execution in accordance with Section 66 of the PPDA Act Cap 205.

### 2.3 Missing items in the BOQs

The Authority reviewed the BOQs and observed that whereas they made reference to a tank tower fence, there was no provisions for the actual tank in the BOQs.

#### Implication

Missing such a vital item could lead to unnecessary contract variations during contract implementation.

#### Recommendation

The Accounting Officer should task the District Water Officer to conduct a thorough review of BOQs to ensure that it is complete and accurate.

### 2.4 The Bid Data Sheet

- i. **Inadequate details regarding bid validity.** ITB 19.1 stated that the bid validity period will not be applicable which is wrong since bidders must be guided on the period for which their bids must be valid.
- ii. **Inadequate requirements pertaining a bid securing declaration.** Whereas, ITB 20.1, rightly stated that a bid security shall not be required, bidders were not provided with clear details of the alternative (Bid securing declaration).

#### Implication

Gaps in the Special Conditions of Contract (SCC) increase the risk of disputes during contract execution.

#### Recommendation

The Authority recommends as follows

- i. ITB 19.1 should be revised to include the required bid validity period.
- iii. ITB 20.1 should be revised to include a provision for a bid securing declaration.

### 2.5 Evaluation Methodology and criteria

#### Restrictive evaluation criteria

The Authority found the following technical requirements to be restrictive given that the estimated amount for the project was only UGX. 419,793,000.

i.

No	Subject	Criterion
1.	6.2.5 Average Annual Turnover	Minimum average annual turnover of UGX. 1,200,000,000, calculated from total certified payments received for contracts in progress or completed, within the last three years
2.	6.2.8 Specific Experience	Participation as contractor, management contractor, or subcontractor, in at least Three (03) contracts in public works within the last Two (02) years (2021/22 2022/2023 and 2023/24), each with a value of at least UGX.1,500,000,000/, that have been successfully and substantially completed
3.	6.2.6 Financial Resources	The Bidder must demonstrate access to, or availability of, financial resources such as liquid assets, unencumbered real assets, lines of credit, and other financial means, other than any contractual advance payments to meet: (i) the following cash-flow requirement: Credit line of UGX. 1,500,000,000

**Implication**

Restrictive requirements compromise competition and may inhibit achievement of value for money.

**Recommendation**

The Head Procurement and Disposal Unit should revise this evaluation criteria to be more realistic especially for the minimum, turnover requirement so that it does not hinder competition since its illogical to seek minimum annual turnover of UGX.1,200,000,000 yet the estimated project cost is only UGX. 419,793,000.

**2.6 The Special Conditions of Contract**

GCC 61.1 required bidders to provide a performance security yet it was under restricted bidding. This was contrary to clause 2 of Guideline No. 3/2024 on Bid and Performance Securities which provides that a Performance Securing Declaration shall be required for procurements under the restricted domestic, restricted international, quotation and direct bidding methods.

**Implication**

This may put unnecessary financial strain on the contractor thus affecting contract implementation.

**Recommendation**

The Head Procurement and Disposal Unit should revise this requirement to include a provision for a performance securing declaration instead of a performance security in line with clause 2 of Guideline No. 3/2024 on Bid and Performance Securities

**2.7 Delayed drafting of Contracts Committee minutes**

Whereas, the procurement method, bidding document, shortlist of bidders and evaluation committee members were approved by the Contracts Committee during its sitting on Friday 8<sup>th</sup> November 2024, the Authority was not availed with the Contracts Committee minutes since they had not been drafted by 13<sup>th</sup> November 2024.

**Implication**

This may inhibit efficiency and transparency in the Entity's procurement processes.

**Recommendation**

The Accounting Officer should task the Chairperson and Secretary Contracts Committee to always ensure that Committee minutes are prepared in time, signed by all members and shared with the Head Procurement and Disposal Unit in real time and a copy shared with the Authority in the Entity's monthly submissions.



Nathanson C. Birungi

**For: EXECUTIVE DIRECTOR**

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