



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**

**Our Ref: PPDA/KARE/854**

*"Procurement That Delivers"*

15<sup>th</sup> November 2024

The Chief Administrative Officer  
Karenga District Local Government  
P. O. Box 103

**KARENKA**

**BID PREPARATORY AUDIT EXERCISE FOR THE CONSTRUCTION OF LOKORI  
SEED SECONDARY SCHOOL UNDER UGIFT FUNDING FOR FY 2024/25**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a bid preparatory audit for the Construction of Lokori Seed Secondary School under UGIFT funding which is to be undertaken in the financial year (2024/25). 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, Cap 205 and the PPDA Regulations, 2023 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, Cap 205 and 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 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 Preparation of the solicitation document**

**Table 1: The following gaps were observed in Part 1: Section 3**

| No. | Requirement in the solicitation document                                      | Gap identified and recommendation                                                               |
|-----|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1.  | 3.2 The documentation required to provide evidence of eligibility shall be: - | The bidder's Trading license should be the current license for 2024 and not 2021 as was stated. |

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| No. | Requirement in the solicitation document                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Gap identified and recommendation                                                                                                                                                                                                                                                                        |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | (a) A certificate of Registration/Incorporation issued by Uganda Registration Services Bureau (URSB)<br>((b) A copy of the Bidder's Trading licence (2021)                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                          |
| 2.  | Part 6.1 B: Equipment;<br>The bidder must demonstrate that it shall have access to the key equipment listed hereafter (either by ownership, lease, hire): Attach documentary evidence of ownership, lease, hire such as registration books, agreements or memoranda or purchase order). These included: - <ul style="list-style-type: none"> <li>• Plate Compactor</li> <li>• Welding Set</li> <li>• Carpentry Set</li> <li>• Re-Bar Bending/Cutting Machine</li> <li>• Formwork Plates</li> <li>• Material Hoist (minimum 12 metres)</li> <li>• Dumpy Level / Surveying Equipment</li> </ul> | The requirement of evidence of ownership, lease or hire of such trivial equipment maybe difficult to ascertain or prove.<br><br><i>The Entity should drop this requirement and only ask for key equipment that is needed to deliver the project.</i>                                                     |
| 3.  | Evaluation Criteria Methodology and Criteria<br>6.2.7: General Experience required by bidder<br>Experience under contracts in the role of contractor, subcontractor, or management contractor for at least the last <b>Three (03)</b> years prior to the bid submission deadline, and with activity in at least <b>Six (06)</b> months in each year.                                                                                                                                                                                                                                          | Whereas the requirement of experience as contractor, subcontractor, or management contractor for the last 3 years prior to the bid submission deadline is clear, the requirement of an activity in at least six (06) months in each year is vague and unnecessary. The entity should delete that phrase. |
| 4.  | 6.2.6: Specific Experience<br>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,                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• The cash flow requirement and value of contracts carried out by the bidder in the last five years each of a value of atleast UGX. 400,000,000 inhibits competition.</li> </ul>                                                                                  |

| No. | Requirement in the solicitation document                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Gap identified and recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | <p>other than any contractual advance payments to meet:</p> <p>(i) the following cash-flow requirement:<br/> <b>UGX 400,000,000 (Uganda Shillings Four Hundred Million)</b>, and</p> <p>(ii) the overall cash flow requirements for this contract and its concurrent commitments.</p> <p>6.2.8; Specific requirement</p> <p>a) Participation as contractor, management contractor, or subcontractor, in at least <b>Two (02)</b> contracts within the last <b>Five (05)</b> years, each with a value of at least <b>UGX. 400,000,000</b> that have been successfully and substantially completed (at least 70 percent complete) and that are similar to the proposed Works. The similarity shall be based on the physical size, complexity, methods/technology or other characteristics as described in Section 6, Statement of Requirements.</p> | <p><i>This value should be made reasonable in light of this project value to at least 50% of the project value.</i></p> <ul style="list-style-type: none"> <li>Part (a) of specific requirements requires a bidder to provide participation as contractor, management contractor, or subcontractor, in at least <b>Two (02)</b> contracts within the last <b>Five (05)</b> years, each with a value of at least <b>UGX. 400,000,000</b> yet 6.2.7: General Experience required by bidder experience under contracts in the role of contractor, subcontractor, or management contractor for at least the last <b>Three (03)</b> years prior to the bid submission deadline, and with activity in at least <b>Six (06)</b> months in each year. The different years requirement i.e. three years and five years still under specific experience are obscure.</li> </ul> <p><i>The Entity should be specific and consistent on the minimum number and value of contracts needed to be submitted by the Contractor eg. At least two contracts in the last five years with specific experience each of a value of not less than UGX. 300,000,000. The matter of having an activity in the last 6 months in each year is restrictive and should be deleted.</i></p> |

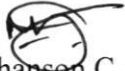
### Implications

- Gaps in the instructions to bidders (ITB) increase the risk of submission of non-responsive bids and disputes during contract execution.
- Lack of comprehensive evaluation criteria increases the risk of contract award to non-responsive firms.

### Recommendation

The Authority recommends that the Accounting Officer and Head, Procurement and Disposal Unit harmonizes the areas mentioned in the evaluation criteria, to avoid causing ambiguity and lack of clarity to potential bidders, disputes during contract execution in accordance with Section 76 (2) of the PPDA Act, Cap 205.

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, Cap 2025 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.



Nathanson C. Birungi

**For: EXECUTIVE DIRECTOR**

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