



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

"Procurement That Delivers"

PPDA/RGF/011

13th December 2024

The Principal
Kabale School of Comprehensive Nursing
P. O. Box 7
KABALE

**BID PREPARATORY AUDIT EXERCISE INTO THE PROCUREMENT FOR THE
CONSTRUCTION OF GOLDEN JUBILEE BOYS' HOSTEL AT KABALE SCHOOL
OF COMPREHENSIVE NURSING PHASE 1 FOR THE FINANCIAL YEAR 2024/2025**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority conducted a bid preparatory audit for the construction of Golden Jubilee Boys' Hostel at Kabale School of Comprehensive Nursing Phase 1 for the Financial Year 2024/2025 with an estimated cost of UGX 1,204,905,347.

The audit exercise involved a review of the budget, the procurement plan, the requisition form, the advert, and the solicitation document to be issued to bidders following the Public Procurement and Disposal of Assets Act, Cap. 205, the attendant PPDA Regulations, 2023, and Schools Guidelines 2014.

The objectives of the audit were to:

1. Ensure that public procurement planning, requisition, and shortlisting were conducted in a manner which promotes transparency, accountability, and fairness in accordance with the PPDA Act, Cap.205, the attendant PPDA Regulations 2023, and Guidelines 2024; and
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act Cap.205, the attendant PPDA Regulations 2023, and Guidelines 2024.

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:

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1.1. **Anomalies observed during the planning, initiation and bidding document**

The Authority found the following anomalies:

Table 1: Anomalies found at planning and initiation

S/N	Anomalies found	Recommendations
Anomalies found at initiation		
1.	Under-budgeting: The procurement plan submitted to the Authority estimated the construction of Golden Jubilee Boys' Hostel Phase I at UGX 629,384,000. However, the costed bills of quantities valued the works at UGX 1,204,905,347, a variance of UGX 575,521,347 (47.76%).	The Accounting Officer should confirm in writing that the full amount of UGX 1,204,905,347 required for the construction of Golden Jubilee Boys' Hostel Phase 1 is committed for the required contract duration in accordance with Regulation 7 (1) of the PPDA (Contracts) Regulations, 2023.
Anomalies found in advert		
2.	i. Requiring a bid security where it is barred The Entity set a requirement for submission of a bid guarantee worth UGX 180,735,000 which is 15% of the contract value instead of 1% (UGX 12,049,053) contrary to Paragraph 1.1 (ii) of Guideline No. 3 of 2024 on bid and performance securities. Further, Clause 1.3 (iii) the PPDA Guideline 3 of 2024 on Bid and Performance Securities requires the bidders to submit a bid securing declaration if the procurement is reserved for national providers under the open domestic bidding method, that is, works procurements worth UGX 10 Billion and below.	Since the procurement for construction of the Golden Jubilee Boys' Hostel Phase 1 is below UGX 10 billion, the Procurement and Disposal Unit should clearly indicate that the procurement is reserved for nationals and if so, the solicitation document should also indicate that bidders shall submit a bid securing declaration. In circumstances where the procurement is open to nationals and non-residents and/or firms in the East African Community region, the Entity should clarify that the bank guarantee shall be 1% and between 1-2% if an insurance bond is required in accordance with PPDA Guideline 3 of 2024 on Bid and Performance Securities.
3.	Inadequate evaluation criteria The technical evaluation criteria stated under Section 3 of the bidding document required bidder to present: i. Liquid assets and/or credit facilities, net of other contractual commitments and exclusive of any advance payments which may be made under the Contract, of no less than UGX 300 million . This cash flow may not be adequate to facilitate working capital for works estimated at more than UGX 1.2 Billion. ii. Technical capacity: One overall supervisor with a maximum of Degree in Civil and Building Construction and 3 years work	The Procurement and Disposal Unit should revise the: i. Working capital requirements to a value adequate enough to fund works estimated at UGX 1.2 Billion. ii. Technical capacity requirement for personnel to include: a structural Engineer since the building is storied, a Quantity Surveyor to undertake measurements and estimations, a Safety Officer to monitor safety and health issues, an Environmental Officer, a General Foreman, a Foreman (masonry), a Foreman (electrical) and a Foreman (mechanical) with relevant and adequate qualifications to suit the

S/N	Anomalies found	Recommendations
	<p>experience in relevant field; Field supervisor at least 2 years (certificate and 3 years' experience in relevant field); and Other key staff site agents at least 3 years at (Certificate Level).</p> <p>iii. Proof of ownership, hire or lease of the following equipment/tools for the project: Tipper truck 4 tonne.</p> <p>However, the above criteria were inadequate in comparison to the magnitude of the project estimated at UGX 1,204,905,347 per the costed bills of quantities.</p>	<p>complexities and technical requirements of the project</p> <p>iii. Requirement for equipment to include excavator (to excavate the foundation), at least 3 dump trucks (to ferry the excavated soil and materials), the compaction equipment (to compress soil, and slab and avoid air pockets), service car (to transport staff) and a generator.</p> <p>iv. Proof of hire of equipment to include that the bidders should attach the proof of ownership from the parties hiring the equipment, and that the hire agreements should be valid until the end of the intended contract completion period (state the exact period in the bidding document).</p>
	<p>ITB 4.1 requires bidders and all parties constituting the bidder to meet the criteria of fulfilling his or her obligations to pay taxes and social security contributions.</p> <p>However, eligibility criteria under Section 3 of the solicitation document is silent on documents required to fulfil the above requirement.</p>	<p>The Procurement and Disposal Unit should revise the eligibility criteria to include the following documents evidencing the criteria stated in ITB 4.1:</p> <ul style="list-style-type: none"> i. A tax clearance certificate with a validity period as a document evidencing payment of taxes; and ii. An NSSF Clearance Certificate as a document evidencing fulfilling payment of social security contributions for the workers.
	<p>Although ITB 14.1 (h) requests for copies of award letters, forms of Agreements and completion certificates of previous works with previous clients, it is silent on the minimum contract value, the period of undertaking to be considered.</p>	<p>The Entity should clearly state the contract value and period of undertaking (minimum of years) of previous experience considered adequate for the construction of Golden Jubilee Boys' Hostel. i.e an amount not less than the estimated cost of the works of UGX 1.2 Billion.</p>
4.	<p>Management of environmental, social and safety (ESHS) issues in the construction of Golden Jubilee Boys' Hostel.</p> <ul style="list-style-type: none"> i. The bills of quantities did not cost or show management of environmental issues like noise and dust pollution, social issues like compulsory labour, non-discrimination. ii. The evaluation criteria did not indicate how ESHS issues will be evaluated upon. i.e the requirement for bidders to submit an 	<p>Kabale School of Comprehensive Nursing should ensure that a detailed environmental, social, health and safety assessment is conducted by the entity to identify possible risks and ensure that environmental protection issues and social inclusion issues applicable to the procurement requirement are included in the bill of quantities for costing in accordance with Regulation 44 (b) (iii) of the PPDA (Rules and Methods for Procurements of Supplies, Works and Non-consultancy Services) Regulations, 2023.</p>

S/N	Anomalies found	Recommendations
	environmental and social management plan on how to address the environmental and social issues.	
5.	<p>GCC 52.1 and 52.3 state that a Performance Security shall be required. The standard form of Performance Security acceptable to the Employer shall be an Unconditional Bank Guarantee in the format presented in Section 9 of the Bidding Documents. However:</p> <ul style="list-style-type: none"> i. The percentage of the contract value to cover the performance security is not stated. ii. The format of the Performance Security Guarantee is not provided in the standard bidding documents issued to Procuring and Disposing Entities. iii. The solicitation document is silent on the ES performance security to cover the ESHS issues. 	<p>The Procurement and Disposal Unit should:</p> <ul style="list-style-type: none"> i. Where performance security in form of a Bank Guarantee is required under the Special Conditions of Contract in the bidding document express it as a percentage of the contract price which shall not exceed 5% of the contract price in accordance with Guideline 2.0 (iv) of the PPDA Guideline 3 of 2024 on Bid and Performance Securities. ii. Provide the format of the Performance Security Guarantee in the standard bidding documents issued to Procuring and Disposing Entities in accordance with Guideline 2.0 (vi) of the PPDA Guideline 3 of 2024 on Bid and Performance Securities.
6.	The Entity did not include the requirement of submission of Beneficial Ownership Declaration by the bidder contrary to PPDA Circular No. 1 of 2021.	The Entity should include in the bidding document, under documents evidencing eligibility, the requirement for Beneficial Ownership Declaration in accordance with the PPDA Circular No. I of 2021. A Beneficial Owner is defined to mean the natural person who has final ownership and control of a company, or an individual on whose behalf a transaction is conducted in a company.

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. 205, the Accounting Officer should ensure that revisions are made to the bidding document before it is issued to the bidders.



Moses Ojambo

For: **EXECUTIVE DIRECTOR**

cc: Chairperson Contracts Committee

cc: Head Procurement and Disposal Unit