



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

"Procurement That Delivers"

Our Ref: PPDA/URC/44

12th February 2025

The Managing Director
Uganda Railways Corporation
P.O BOX 7147
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**BID PREPARATORY AUDIT EXERCISE FOR THE PROCUREMENT OF TEN BRAND
NEW DIESEL ELECTRIC LOCOMOTIVES AND TRAINING OF MAINTENANCE AND
OPERATION PERSONNEL**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a bid preparatory audit into the procurement of ten brand new diesel electric locomotives and training of maintenance and operation personnel.

The audit exercise involved a review of the procurement planning, requisition/initiation and solicitation document issued to bidders and the Contracts Committee approval following the Public Procurement and Disposal of Assets Act, Cap. 205 and the African Development Bank Operations Procurement Manual

The objectives of the audit were to:

1. Establish whether 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 African Development Bank Operations Procurement Manual.
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the African Development Bank Operations Procurement Manual.

The scope of the bid preparatory audit entailed a review of the procurement plan, procurement requisition form, solicitation document and bid notice as well as approvals of the Contracts Committee of the procurement method, Evaluation Committee and solicitation document. The areas of the solicitation document analyzed were - Instructions to Bidders, Bid Data Sheet, Evaluation and Qualification Criteria, Bidding Forms, Eligible countries, Fraud and Corruption, Schedule of Requirements, General and Special Conditions of Contract and contract forms

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The Authority identified the following exception:

1.0 To establish whether 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 African Development Bank Operations Procurement Manual

1.1 Inconsistencies in the procurement plan submitted to PPDA and the procurement plan submitted to African Development Bank

The audit noted inconsistencies in the procurement plan submitted to the Authority on 31st July 2024, which included procurement of only four (4) 3000 HP Locomotives whereas in the procurement plan submitted to African Development Bank, it included additional procurement of two (2) new medium locomotive (Power 2000 HP) and four (4) new Shunting Locomotive (Power 1200 HP).

Inconsistencies in the procurement plan is an indicator of lack of transparency of the procurement activities in the Entity.

The Entity should harmonize the procurement plans for consistency on procurement activities in the Entity.

1.2 Delayed advertisement of bid notices

The audit noted a delay of 66 working days to advertise the bid notice. The procurement was advertised on 14th January 2025 after Contracts Committee's approval of the solicitation document, Evaluation Committee and procurement method on 10th October 2024.

Inefficiency in procurement processes delays service delivery.

The Head, Procurement and Disposal Unit should ensure timely advertisement of bid notices to enhance efficiency in the procurement function as required by Section 51 of the PPDA Act, Cap 205.

2.0 To establish whether the solicitation document issued to bidders was prepared in accordance with the African Development Bank Operations Procurement Manual

2.1 High cost of the bidding document

The cost of the bidding document at a fee of UGX 900,000 which is non-refundable is exorbitant and may deter potential bidders from participating in the procurement process thus limiting competition and value for money.

The Entity should in future, sell the bidding documents in order to recover the cost of printing, copying and distribution and the price shall be calculated to cover only these costs and shall not include any profit.

2.2 Ambiguous provision in the Bid data sheet

ITB 7.1 on clarification of Bid purposes provided *“that requests for clarification should be received by the purchaser no later than: 14 days”*. This is an incomplete statement that does not give proper guidance to the bidders and could lead to unnecessary complaints.

The Entity should clarify on the provision under ITB 7.1 of the standard bidding document.

2.3 Omissions in the Special Conditions of Contract

Section IX Special Conditions of Contract (GCC 16.5) of the bidding document provided that *“the payment-delay period after which the purchaser shall pay interest to the supplier shall be (insert number) days and the interest rate that shall be applied is (insert number) %”*.

The Authority noted that the Entity did not specify the *payment-delay period* and the *interest rate that shall be applied* in the event of a delay in payment which may put the Entity at a risk of overpayment of interest incurred that will result into financial loss.

The Entity should clearly state the rate that will be applicable to both parties in the event that the purchaser fails to pay the supplier by its due date, in the Special Conditions of Contract.

2.4 Use of brand names

The brand name “Lloyds” was used in the description of the MCA-DA couplers as provided in the general specifications of the diesel electric locomotives.

The use of brand names affects competition and the achievement of value for money.

The Head Procurement and Disposal Unit should advise User Departments to desist from use of brand names and define specifications in accordance with functional and performance requirements in order to create fair and open competition in accordance with Regulation 28 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014. Further, the solicitation document should be amended to withdraw the specific brand name from the requirements.

The purpose of this letter is to forward the findings of the bid preparatory audit exercise for your implementation.

Please share with the Authority the revised bidding document after addressing the above issues.



Dr. Aloysius M. Byaruhanga

FOR: EXECUTIVE DIRECTOR

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