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

Our Ref: PPDA/UEGCL/48

17th July 2026

The Chief Executive Officer
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BID PREPARATORY AUDIT EXERCISE FOR THE PROVISION OF CATERING SERVICES AT KARUMA HYDRO POWER PLANT (KHPP)

Reference is made to the above subject.

In accordance with Section 8 (1) (j) (i) of the Public Procurement and Disposal of Public Assets (PPDA) Act Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted a bid preparatory audit for provision of Catering Services at Karuma Hydro Power Plant (KHPP) at Uganda Electricity Generation Company Ltd. The audit was undertaken to assess compliance with the PPDA legal and regulatory framework, with the objective of identifying weaknesses that could compromise competition, transparency, accountability and value for money.

The objectives of the audit were to:

i. Establish whether the public procurement planning and initiation processes were conducted in a manner which promotes transparency, accountability and fairness in accordance with the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines; and

ii. Establish whether the solicitation documents issued to the bidders were prepared in accordance with the provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines.

The scope of the bid preparatory audit entailed a review of the procurement plan, procurement requisition form, solicitation document, bid notice as well as approvals of the Contracts Committee of the procurement method, Evaluation Committee and solicitation document.

The Authority identified the following exceptions with regard to procurement planning, requisitioning and bidding document preparation for the attention of management.

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1.0 Whether the public procurement and disposal planning and requisitioning processes were conducted in a manner which promotes transparency, accountability and fairness in accordance with the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines

1.1 Variance between procurement plan and requisition

Section 33 and 34 of the First Budget Call Circular for FY 2026/2027 reminds all Ministries, Departments, Agencies (MDAs) and Local Governments to adhere to the Public Finance Management Act, Cap 171 and its attendant Regulations. Under these directives, Accounting Officers should prepare realistic and tax inclusive budgets that reflect the true cost of implementing planned activities. The circular emphasizes strict compliance with the government policy on tax inclusive planning and budgeting to ensure that all detailed estimates comprehensively incorporate applicable taxes.

The audit observed a variance of UGX 151,575,800 between the procurement plan and the requisition Form 5. The User Department correctly submitted a tax inclusive estimate of UGX 1,252,050,800 on the requisition. However, the procurement plan value of UGX 1,100,475,000 was exclusive of taxes.

This violates the government policy on tax inclusive planning and risks accumulation of unpaid domestic tax arrears.

The annual procurement plan should be revised to reflect tax inclusive estimates before bid closure.

2.0 Whether the solicitation document issued to the bidders were prepared in accordance with the provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines

2.1 Discrepancies in the bidding document

The audit identified discrepancies in the bidding document that are likely to cause conflict during the procurement process. These are highlighted in Table 1 below:

Table 1: Discrepancies in the bidding document

No	Discrepancy	Recommendation
1.	Discrepancies between the percentage for performance security. GCC 38.1 of the Special Conditions of Contract states 3% while ITB 50.1 of the Bid Data Sheet states 5%. This contradiction will create ambiguity for prospective bidders.	Harmonise the document to indicate the correct percentage.
2.	ITB 22.1 of the Bid Data Sheet provided for a bid security of UGX 12,000,000. However, the format of bid security, i.e., whether bid bond or bank guarantee was not indicated.	Indicate the format of the bid security.

In light of the audit findings and recommendations, the Authority concludes that the procurement plan should be amended to include the applicable taxes. The solicitation document requires revision to address the identified non-compliance areas before the procurement proceeding progress. The Procurement and Disposal Unit should ensure that the amendments are approved by the Contracts Committee and the revised solicitation document or an addendum is issued. Please share with the Authority the revised bidding document after addressing the issues raised.

The Accounting Officer remains responsible for ensuring value for money and for the conduct of the procurement processes to completion in accordance with the provisions of the PPDA Law.

Miriam Bigirwa Nyakamadi
FOR: EXECUTIVE DIRECTOR

cc: The Chairman, Contracts Committee
cc: The Head, Procurement and Disposal Unit