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

Our Ref: PPDA/BH/003

10th July 2026

The Executive Director
Butabika National Referral Mental Hospital
P.O. Box 7017
KAMPALA

BID PREPARATORY AUDIT REPORT ON SELECTED PROCUREMENT PROCESSES AT BUTABIKA NATIONAL REFERRAL MENTAL HOSPITAL

Reference is made to the above subject.

In accordance with Section 8(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 of selected procurement processes at Butabika National Referral Mental Hospital. The audit was undertaken to assess compliance with the PPDA legal and regulatory framework prior to the commencement of bidding, with the objective of identifying weaknesses that could compromise competition, transparency, accountability and value for money.

The following five procurements were selected for the assessment:
1. Supply of Uniforms and Beddings (Beddings, Clothing and Footwear) under Framework Contract Ref No. BH/SUPLS/26-27/00001.
2. Procurement of Non-Medical Sundries under Framework Contract Ref No. BH/SUPLS/26-27/00002.
3. Service and Maintenance of Radiology Equipment Ref No. BH/NCONS/25-26/00211.
4. Procurement of Cleaning and Fumigation Services under Framework Contract Ref No. BH/NCONS/25-26/00064.
5. Procurement of Lot 1: Super Specialized Mental Drugs and Lot 2: Laboratory Consumables under Framework Contract Ref No. BH/SUPLS/25-26/00200.

The objectives of the audit were to:
i. Establish whether the public procurement and disposal 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

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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 forms, solicitation documents, bid notices 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.

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 Procurements conducted outside the Procurement Plan

Section 60(1) of the Public Procurement and Disposal of Public Assets (PPDA) Act, Cap. 205 requires every Procuring and Disposing Entity (PDE) to plan its procurement in a rational manner before initiating any procurement. Section 60 further prohibits the initiation of procurements that are not included in the approved procurement plan. In addition, Sections 60(7) and 60(8) require a PDE to periodically review and update its procurement plan where necessary and submit any approved revisions to the Authority and the Secretary to the Treasury.

The review established that the following procurements were initiated despite not being included in the Entity's approved Annual Procurement Plan for FY 2025/26

The Entity did not provide evidence that the procurement plan had been revised and approved before commencement of these procurement proceedings listed in Table 1 below. Procurements initiated outside the approved plan are irregular and lack confirmed budgetary provision which may result in the commitment of the Entity to unfunded obligations.

Table 1: Procurements conducted outside the plan

No.	Subject of procurement	Planned and Budgeted cost (UGX)	Estimate Value on the Form 5 (UGX)	Variance (UGX) what is this for?
1.	Procurement of Non-Medical Sundries under Framework Contract Ref No. BH/SUPLS/26-27/00002	Not on plan	980,008,100	980,008,100
2.	Procurement of Lot 1: Super Specialized Mental Drugs and Lot 2: Laboratory Consumables under Framework Contract Ref No. BH/SUPLS/25-26/00200.	Not on plan	4,000,062,980	4,000,062,980

The Accounting Officer should ensure that all initiated procurements are incorporated into the approved Annual Procurement Plan. Where additional procurement requirements arise an updated should be done and submitted to the Authority.

1.1.1 Initiation of procurements with estimates above the procurement plan value

Section 61(2) of the PPDA Act, Cap. 205 requires that a procurement shall only be initiated or continued where funding in the full amount required over the contract period has been confirmed as available before any contractual commitment is made.

The audit established that three procurements were initiated using estimated procurement values that exceeded the approved procurement plan provisions as follows. The Entity did not provide evidence that additional funding had been secured or that the procurement plan had been revised to accommodate the increased procurement values before initiation.

Table 2: Procurements with estimates above the procurement plan value

No.	Subject of procurement	Planned and Budgeted cost (UGX)	Estimate Value on the Form 5 (UGX)	Variance (UGX)
1.	Supply of Uniforms and Beddings (Beddings, Clothing and Footwear) under Framework Contract Ref No. BH/SUPLS/26-27/00001	858,879,000	600,579,000	258,300,000
2.	Service and Maintenance of Radiology Equipment Ref No. BH/NCONS/25-26/00211	749,906,000	1,279,216,000	529,310,000
3.	Procurement of Cleaning and Fumigation Services under Framework Contract Ref No. BH/NCONS/25-26/00064	264,000,000	600,000,000	336,000,000

Initiating procurements with estimated values that exceed the approved procurement plan without first confirming the availability of additional funding undermines budgetary discipline and increases the risk of entering into contractual commitments that cannot be fully financed.

This may result in delayed or cancelled procurement processes, accumulation of domestic arrears, delayed payments to providers, hence contract implementation challenges and disruptions. The practice also weakens the credibility of the procurement planning process and exposes the Entity to audit queries and non-compliance with the PPDA legal framework.

The Accounting Officer should ensure that all procurement estimates are consistent with the approved procurement plan and available budget before procurement initiation.

2.0 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.

2.1 Restrictive and inconsistent eligibility and qualification criteria

Sections 50 and 51 of the Public Procurement and Disposal of Public Assets (PPDA) Act, Cap. 205 require procurement proceedings to be conducted in a fair, transparent and competitive manner that promotes economy, efficiency and value for money. Accordingly, eligibility and qualification requirements should be clear, consistent, relevant and proportionate to the nature and complexity of the procurement and should not unnecessarily restrict competition.

The review established inconsistencies and restrictive qualification requirements in the solicitation document for the Procurement of Super Specialized Mental Drugs and Laboratory Consumables under Framework Contract Ref. No. BH/SUPLS/25-26/00200. Specifically:

- ITB 11.1(h) required bidders to demonstrate an annual turnover of UGX 5 billion for each of the last three years, whereas the Post-Qualification Criteria in Section 3 required an average annual turnover of UGX 300 million, creating contradictory qualification requirements.

- The requirement for bidders to have completed at least two contracts valued at UGX 400 million each was inconsistent with the turnover thresholds specified in the bidding document.

- Eligibility requirements relating to experience in the supply of specialised medicines and possession of a National Drug Authority (NDA) licence to operate a pharmacy were applied to both Lots, including Lot 2 (Laboratory Consumables), despite these requirements not being relevant to suppliers of laboratory consumables.

Inconsistent and restrictive qualification requirements create uncertainty among prospective bidders regarding the applicable eligibility criteria and may discourage participation by otherwise qualified providers. This undermines fairness and competition, increases the likelihood of complaints and administrative reviews, and may result in the exclusion of capable suppliers, thereby limiting competition and reducing the Entity's ability to obtain value for money through competitive bidding.

The Procurement and Disposal Unit should review and revise the qualification requirements to ensure that they are internally consistent, proportionate to the nature and value of each procurement. A revised document should be submitted to contracts committee for approval and an addendum issued to bidders

2.2 Failure to provide for the margin of preference and Reservation Schemes

Section 62 of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to apply the prescribed margin of preference when conducting procurements using Open Domestic Bidding or Open International Bidding, where applicable. Guideline 12 of the PPDA Guidelines on Reservation Schemes further requires Procuring and Disposing Entities to implement applicable reservation schemes and preference measures to promote local content, value addition and participation of domestic providers.

The review established that all five solicitation documents expressly stated that a margin of preference would not apply despite the procurements being conducted using the Open

Domestic Bidding method. In addition, the solicitation document for the Supply of Uniforms and Beddings did not provide for reservation of the procurement to providers with vertically integrated manufacturing facilities in Uganda as required under the Reservation Schemes Guidelines.

Failure to apply the prescribed reservation schemes and margins of preference denies eligible domestic providers and local manufacturers the statutory benefits intended under Government policy to promote local content, industrialisation and value addition. This limits opportunities for local enterprises to compete on an equitable basis, undermines the achievement of national socio-economic objectives and exposes the procurement process to complaints, administrative review and potential nullification for non-compliance with the PPDA legal framework.

The Procurement and Disposal Unit should revise the affected solicitation documents to incorporate the applicable reservation schemes and margins of preference in accordance with Section 62 of the PPDA Act and the PPDA Guidelines on Reservation Schemes before the bidding process proceeds

2.3 Ambiguous, Restrictive and Incomplete Technical Specifications

Regulation 35(2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires technical specifications to provide a complete, precise and unambiguous description of the required supplies to enable bidders to prepare responsive bids and facilitate objective and fair evaluation.

The review established that the technical specifications for the Supply of Uniforms and Beddings and the Procurement of Non-Medical Sundries lacked sufficient detail regarding estimated quantities, dimensions, material composition, quality standards, thickness, sizes, colours and other measurable characteristics necessary for bidders to prepare responsive bids. In addition, estimated quantities under the framework contracts were uniformly stated as one (1), which does not provide a realistic estimate of anticipated procurement requirements.

Ambiguous and incomplete technical specifications may result in bidders interpreting the Entity's requirements differently and submitting bids that are not compliant and consistent with the Entity requirements. This may increase the risk of subjective evaluation, procurement disputes and administrative reviews. Consequently, the Entity may incur additional costs arising from contract variations, repeat procurements or delayed delivery of essential supplies, thereby compromising value for money and effective service delivery.

The User Departments should prepare complete, clear and measurable technical specifications that accurately define the quality, dimensions, performance characteristics, applicable standards and estimated quantities of the required supplies before initiating procurement. The Procurement and Disposal Unit should in compliance with the PPDA Act and Regulations submit the solicitation documents to the Contracts Committee for approval and issue and addendum

2.4 Use of brand names

Regulation 38(1) and (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 prohibits Procuring and Disposing Entities from specifying particular trademarks, brand names, patents, manufacturers or proprietary products unless there is no other sufficiently precise or intelligible means of describing the procurement requirement. Where such reference is unavoidable, it shall be accompanied by the words **"or equivalent"** to allow equivalent products to compete.

The review established that the solicitation document for Lot 2 (Laboratory Consumables) referenced proprietary brands, including Emit Calibrators/Controls, VITEK Cards (GN, GP, ANC, NH and YST), AST Cards and DensiChek Calibration Kits, without including the qualifying phrase "or equivalent."

The use of brand-specific specifications without permitting equivalent alternatives unnecessarily restricts competition by favouring particular manufacturers or distributors while excluding other suppliers capable of providing products that meet the required functional and performance standards. This may reduce bidder participation, limit competition, increase procurement costs and compromise the achievement of value for money. It also exposes the procurement proceedings to complaints, administrative review and potential delays arising from non-compliance with the PPDA Regulations.

The Procurement and Disposal Unit, in consultation with the User Department, should revise the technical specifications to remove unnecessary references to proprietary brands. Where compatibility or standardisation requires reference to a specific brand, the specifications should include the words **"or equivalent"** and clearly define the minimum functional, technical and performance requirements that equivalent products must satisfy. This review should be completed before the solicitation documents are issued or re-issued to prospective bidders.

2.5 Omission of mandatory particulars in the bid notices and adverts

Section 48 of the Public Procurement and Disposal of Public Assets (PPDA) Act, Cap. 205 requires all procurement proceedings to be conducted in a manner that promotes transparency, accountability and fairness. In addition, the PPDA Regulations and Standard Bidding Documents require bid notices and advertisements to contain sufficient information to enable prospective bidders to make informed decisions regarding participation in the procurement process. Such information includes, among others, the cost of the bidding document, the amount of bid security (where applicable), the procurement reference number, submission deadlines and details on how the solicitation documents may be accessed.

The review established that all the abridged bid advertisements and bid invitation notices omitted key information, including the cost of the bidding documents and the required bid security amounts. Instead, bidders were directed to obtain the detailed bid notice from the Entity's website (www.butabikahospital.go.ug), which was inaccessible at the time of the audit. Consequently, prospective bidders could not access essential procurement information required to facilitate informed participation in the procurement process.

The omission of mandatory particulars from bid notices and reliance on an inaccessible website reduce the transparency and accessibility of the procurement process and may discourage participation by prospective bidders. This limits competition by denying bidders timely access to essential procurement information, including the financial requirements for participation. Reduced competition may affect the Entity's ability to attract a wider pool of qualified bidders, obtain competitive bids and achieve value for money. The omissions also expose the procurement process to complaints and administrative review for non-compliance with the PPDA legal and regulatory framework.

The Procurement and Disposal Unit should ensure that all future bid notices and advertisements contain all mandatory information prescribed under the PPDA Act, Regulations and Standard Bidding Documents, including the cost of bidding documents, bid security requirements, procurement reference numbers, submission deadlines and instructions for accessing the solicitation documents.

In light with the audit findings and recommendations, the Authority accordingly concludes that the solicitation documents require revision to address the identified non-compliance before the procurement proceedings progress. The Procurement and Disposal Unit should ensure that the amendments are approved by the contracts committee and new 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.

Dr. Aloysius M. Byaruhanga
FOR: EXECUTIVE DIRECTOR

cc: The Chairman, Contracts Committee

cc: The Head, Procurement and Disposal Unit