Our Ref: PPDA/MOWT/016

30th July 2026

The Accounting Officer
Ministry of Works and Transport
P.O. Box 7174
KAMPALA

BID PREPARATORY AUDIT EXERCISE FOR VARIOUS PROCUREMENTS AT MINISTRY OF WORKS AND TRANSPORT

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 of selected procurement processes at Ministry of Works and Transport. The audit was undertaken to assess compliance with the PPDA legal and regulatory framework before the commencement of bidding, to identify weaknesses that could compromise competition, transparency, accountability and value for money. The following procurements were selected for the assessment as shown in Table 1 below:

Table 1: List of Procurement transactions

No.	Procurement Reference Number	Subject of Procurement
1.	MOWT/SUPLS/25-26/00578/1-5	Framework Contract for Supply and Delivery of service items for Ferries for three (03) years: Lot 1- Service items for Perkins Engines Lot 2- Service items for Cat Engines Lot 3-Service items for Doosan Engines Lot 4- Service items for Cummins Engines Lot 5- Batteries and service items for Auxiliary Equipment and Vehicles
2.	MOWT/SUPLS/25-26/00577	Supply and delivery of maintenance spares for Traffic Lights on National Roads under Framework Contract for three (03) Years

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

Head Office
PPDA - URF Towers, Plot 39
Nakasero Road
P.O.Box 3925, Kampala Uganda
Tel: +256-414-311100
Email: info@ppda.go.ug

Western Regional Office
RDC's Building , Bishop Stretcher Road,
Opposite BOU Currency Centre, Mbarara-Kabale Road
P.O. Box 1353, Mbarara, Uganda.
Tel: +256-417-733800
Email: mbararaoffice@ppda.go.ug

Northern Regional Office
Plot 1, Lower Churchill Drive
P.O. Box 999, Gulu, Uganda
Tel: +256-417-432010
Email: guluoffice@ppda.go.ug

Eastern Regional Office
Oval Plaza, Plot 1, Court Road
P.O. Box 2173, Mbale, Uganda
Tel: +256-417-890100
Email: mbaleoffice@ppda.go.ug

PPDA Uganda @PPDAUganda PPDA Uganda info@ppda.go.ug www.ppda.go.ug

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.

In undertaking the bid preparatory audit, the Authority adopted the following methodology:

i. A review of the procurement records, including the procurement plan for FY 2025/26, the procurement requisition and confirmation of funding, the Contracts Committee approvals, the bid notices and the bidding document issued to bidders on 13th July 2026;
ii. Benchmarking of the bidding document against the PPDA Act, Cap 205, the PPDA Regulations, 2023, the reservation scheme Guidelines and the standard bidding documents issued by the Authority, together with checks for internal consistency and accuracy across its sections;
iii. Interviews with responsible staff of the Ministry of Works and Transport, including the Procurement and Disposal Unit and the User Department responsible for ferry services, and the stores and maintenance staff at MOWT – Mpigi Station, to clarify the specifications, estimated quantities, response times and the requirement for genuine OEM spare parts, and to corroborate the documentary evidence; and
iv. Analysis of the reasonableness of key parameters, including the bid security amounts, experience and turnover thresholds, response times and the price adjustment provisions, with reference to the estimated value of the procurement and findings of previous audits of similar procurements under the former Uganda National Roads Authority.

The exceptions identified were evaluated for their effect on competition, transparency, fairness, value for money and the enforceability of the resulting framework contract, and are presented below as findings, each with the associated risk and a recommendation for corrective action by addendum before the deadline for submission of bids.

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 Initiation of procurement with an estimate 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 the procurement for the supply and delivery of maintenance spares for Traffic Lights on National Roads under the Framework Contract for three years was initiated with an estimated procurement value of UGX 7,483,165,50. However, the approved procurement plan provided for only **UGX 2,500,000,000**, resulting in an excess of **UGX 4,983,165,509**.

The Entity did not provide evidence that additional funds had been secured before commencement of the procurement.

Initiating a procurement beyond the approved procurement plan without confirmed funding undermines effective budget control and may result in commitments exceeding available resources and delayed payments to providers.

Recommendation
The Accounting Officer should ensure that this initiated procurement has adequate funds for its implementation and for all future procurements, and ensure estimates are consistent with the approved procurement plan and available budget before procurement initiation.

2.0 Review of Solicitation Documents

Audit Objective: To 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 applicable PPDA Guidelines.

2.1 General Observation

2.1.1 Use of outdated standard bidding document leading to omission of mandatory requirements and bidding forms

The audit established that the Entity used the **2011 Standard Bidding Document for Procurement of Supplies under Open Bidding** instead of the current Authority-approved Standard Bidding Document.

Consequently, several mandatory requirements and prescribed bidding forms contained in the current 2025 Standard Bidding Document (SBD) were omitted as detailed below:

i. Instruction to Bidders (ITB) 10(j) that requires: Environmental, Social, Health and Safety (ESHS) Code of Conduct for Contractor's Personnel: The solicitation document did not require bidders to submit a Code of Conduct applicable to the contractor's employees and subcontractors. The Code of Conduct is intended to ensure compliance with the ESHS provisions of the contract and should be accompanied by an implementation outline detailing its integration into employment conditions, training arrangements, monitoring mechanisms, and procedures for addressing breaches.
ii. Environmental, Social, Health and Safety Management Strategies and Implementation Plan (ESHS-MSIP): The solicitation document omitted the requirement for bidders to submit comprehensive ESHS Management Strategies and Implementation Plans describing the actions, resources, management processes, and measures to be implemented by the contractor and its subcontractors to comply with the ESHS requirements of the contract.

1. Furthermore, the following mandatory bidding forms prescribed under Part 1, Section 4-Bidding Forms were omitted.
   i. Form of Beneficial Ownership Declaration Form;
   ii. Form of Code of Ethical Conduct for Bidders and Providers; and
   iii. Form of Bid-Securing Declaration (where applicable).

The omission of mandatory requirements may result in incomplete bid submissions and inadequate assessment of bidders' ethical and compliance obligations.

Recommendation
The Head, Procurement and Disposal Unit should withdraw the incomplete solicitation document, issue a revised bidding document based on the latest approved PPDA Standard Bidding Document and communicate the amendments to all bidders through a formal addendum before bid submission closure.

2.1.2 Payment period of sixty days

The solicitation document SCC Clause GCC 16.3 provided a payment period of **60 days**. However, the General Conditions of Contract provide for payment within **30 days** after submission and certification of an invoice.

An extended payment period may increase financing costs for providers, particularly local, small and medium enterprises, discouraging them from participating.

Recommendation

The Head, Procurement and Disposal Unit should revise SCC Clause GCC 16.3 to provide for payment within **30 days** in accordance with the General Conditions of Contract.

2.2 Framework Contract for Supply and Delivery of service items for Ferries for three (03) years

2.2.1 Failure to specify the minimum and maximum number of Lots a bidder may bid for

The solicitation document did not specify the **minimum and maximum number of Lots** that a bidder could bid for under Instruction to Bidders (ITB) 1.1.

Where a procurement is divided into multiple Lots, the bidding document should clearly define the permitted scope of participation to enable bidders to prepare responsive bids and allow for transparent evaluation and award decisions.

The omission creates uncertainty for bidders and may result in inconsistent interpretation of bidding requirements and disputes during bid evaluation and contract award.

Recommendation

The Head, Procurement and Disposal Unit should revise the solicitation document to clearly specify the minimum and maximum number of Lots that bidder may bid for under ITB 1.1 and issue the amendment through a formal addendum before bid submission closure.

2.2.2 Requirement for Performance Security contrary to applicable PPDA Guideline

The solicitation document required providers to submit a **Performance Security of 5%** under GCC Clause 18.1. However, **PPDA Guideline 3/2026 on Bid and Performance Securities**, issued on 1st July 2026, provides that performance security in the form of a bank guarantee shall not be required for local providers for procurement of supplies, works, consultancy services and non-consultancy services. Instead, a **Performance-Securing Declaration** should be required.

The requirement for a bank guarantee may impose unnecessary financial burdens on local providers and discourage participation, particularly by small and medium enterprises.

Recommendation

The Head, Procurement and Disposal Unit should amend the Special Conditions of Contract to replace the requirement for a Performance Security with a **Performance-Securing Declaration** in accordance with PPDA Guideline 3/2026.

2.2.3 Inconsistency between figures and words in the Bid Security amount for Lot 2

The solicitation document contained inconsistent Bid Security amounts for Lot 2. The Bid Notice, Bid Data Sheet (ITB 21.1), and Section 3 (Evaluation Methodology and Criteria) stated: **UGX 1,500,000 in figures, and in words it is stated as Uganda Shillings Four Million only, depicting inconsistency.**

The inconsistency may result in bidders submitting different bid security amounts based on different interpretations.

Recommendation

The Entity should issue an addendum correcting the Bid Security amount for Lot 2 and ensure that the amount stated in figures and words is consistent across all sections of the solicitation document.

2.2.4 Inconsistent bid validity period and non-compliant Bid Security validity period

The solicitation document contained conflicting bid validity periods. The Bid Data Sheet (ITB 20.1) provided that bids would remain valid until **28th March 2027**, whereas Section 3, Evaluation Methodology and Criteria, provided that bids would remain valid until **28th February 2027**.

The same Solicitation document further required the Bid Security to remain valid until **28th March 2027,** which is inconsistent with the requirement of an additional 28 days under ITB 21.2 and Regulation 63(5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

The inconsistencies may result in rejection of bids due to conflicting validity requirements.

Recommendation

The Head, Procurement and Disposal Unit should harmonize the bid validity period throughout the solicitation document and ensure that the Bid Security remains valid for at least 28 days beyond the bid validity period.

2.2.5 Failure to expressly require genuine Original Equipment Manufacturer (OEM) spare parts

The Statement of Requirements identified spare parts mainly through manufacturer part numbers for Perkins, CAT, Doosan and Cummins engines and other equipment. However, the solicitation document did not expressly require that the supplied spare parts should be new; unused, genuine Original Equipment Manufacturer (OEM) parts and supported by certificates of authenticity or origin.

Although the document required Manufacturer's/Supplier's/Distributor's Authorisation for some Lots, ITB 18.3 allowed bidders to offer alternative brands or catalogue numbers of substantial equivalence. This creates inconsistency between the technical requirements and the authorisation requirements.

The current specifications create a risk of receiving counterfeit spare parts, refurbished/inferior-quality parts that may be incompatible with ferry engines and equipment, compromising safety, reliability and value for money.

Recommendations

The Entity should:

1. Amend the Statement of Requirements to expressly require **new, unused and genuine OEM spare parts**.
2. Ensure document justification for brand-specific specifications in accordance with Regulations 38(2), 38(3) and 39 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.2.6 Manufacturer's Authorization not required for Lot 5

The solicitation document required Manufacturer's/Supplier's/Distributor's Authorisation for critical items under Lots 1-4.

However, the requirement was omitted for **Lot 5**, which covers batteries and service items for auxiliary equipment and vehicles. Lot 5 includes items used for generators, cranes, trucks and marine applications, including safety-critical batteries.

The omission may allow procurement from suppliers who are not authorised dealers, increasing the risk of supply of counterfeit or substandard parts.

Recommendation

The Entity should amend Section 3 of the solicitation document to require Manufacturer's, Supplier's or Distributor's Authorization for critical items under Lot 5, or provide documented justification for its exclusion.

2.2.7 Inadequate warranty period of one month

The Special Conditions of Contract provided a warranty period of **one month** under GCC Clause 28.3. However, the General Conditions of Contract provide a default warranty period of 12 months after delivery and acceptance; or 18 months after shipment, whichever occurs earlier.

The Manufacturer's Authorisation form also refers to the manufacturer's full warranty obligations under Clause 28. A one-month warranty period is inadequate for engine spare parts because the Entity may have no remedy after expiry of the short warranty period. This may result in loss of public funds through replacement of defective parts.

Recommendation

SCC Clause GCC 28.3 should be amended to provide a warranty period of at least 12 months from delivery and acceptance, consistent with GCC Sub-Clause 28.3 and the manufacturer's warranty extended under the Manufacturer's Authorization.

2.2.8 Excessive response period of three months for call-off orders

Whereas the items under all lots are routine, fast-moving service items (oil, fuel and air filters, belts, separators and batteries) that are generally available on the local market, the solicitation document under Section 6 and Clause 5.1(b) of Section 3 provided a delivery response period of **three months** from issuance of a call-off order.

A three-month delivery period defeats the purpose of a framework contract, which is to ensure timely availability of supplies. This may result in prolonged ferry downtime, increased operational costs, and disruption of public transport services.

Recommendation
The Entity should revise the delivery schedule to provide realistic and shorter response periods based on market availability, preferably two to four weeks for normal call-off orders and shorter periods for emergency requirements.

2.2.9 Defective and inconsistent price adjustment provisions

The Authority noted from a review of the solicitation document that the Bid Data Sheet under ITB 14.7 provides that prices shall be "Adjustable only after 18 months from the date of Contract Signature", while SCC Clause GCC 15.2 provides a price adjustment formula Pf = Po x {0.3 + 0.7If/Io}, where If is the official index for Operation of Transport Equipment issued by the Uganda Bureau of Statistics for the month of the issue of the respective call-off order, and Io is the official index for the composite Consumer Price Index of Miscellaneous Goods for the month of the bid submission deadline. The maximum adjustment is stated as "10% of the contract price".

It was found that the formula applies two different indices (Operation of Transport Equipment in the numerator and the Consumer Price Index for Miscellaneous Goods in the denominator), such that the ratio If/Io does not measure price movement of the same basket and the formula cannot yield a meaningful adjustment. The relationship between the 18-month restriction in the BDS and the formula in the SCC is also not stated, and the index selected does not clearly relate to the subject supplies (engine spare parts).

The defective formula may produce inaccurate price adjustments and expose the Entity to unavoidable financial claims.

Recommendations
The Head, Procurement and Disposal Unit should revise SCC Clause GCC 15.2 to:
1. Use the same appropriate price index for both the base and adjustment periods; and
2. Clearly state that price adjustment shall not exceed ±10% of the contract price in accordance with the PPDA (Contracts) Regulations, 2023.

2.2.10 Inconsistent framework contract duration

The Authority noted from a review of the solicitation document that Clause 8 of the Agreement in Section 9 provides that "call-off orders may be issued at any time during a period of one year from the date of contract", whereas the subject of the procurement and the Delivery and Completion Schedule provide that the framework contract is for three years and that call-off orders may be issued at any time during a period of three years.

The inconsistency creates uncertainty regarding the duration of the framework agreement and may allow a provider to reject call-off orders issued after the first year, thereby frustrating implementation of the remaining two years of the contract.

Recommendation
The Head, Procurement and Disposal Unit should amend Clause 8 of the Agreement to provide that call-off orders may be issued throughout the three-year framework period.

2.2.11 Guaranteed minimum value not specified

The Agreement, Bid Data Sheet and Special Conditions of Contract all refer to a guaranteed minimum value of supplies to be purchased under the framework contract. However, the Statement of Requirements does not specify the minimum value or minimum quantities.

Failure to define the Entity's minimum purchasing commitment may create uncertainty among bidders and lead to inflated bid prices as suppliers factor in demand uncertainty.

Recommendation

The Statement of Requirements should clearly specify the guaranteed minimum value or minimum quantities for each Lot. Where no minimum commitment is intended, the Agreement and related provisions should expressly state that no guaranteed minimum applies.

2.2.12 Inconsistency between reservation scheme and margin of preference

The procurement is reserved for **local and resident providers** under the PPDA reservation schemes. Despite this, the Bid Data Sheet provides for the application of a **margin of preference** between goods manufactured in Uganda and goods of foreign origin.

The spare parts being procured are manufactured by Original Equipment Manufacturers located outside Uganda. Consequently, all responsive bids are likely to offer imported goods, making the application of the margin of preference impracticable.

Retaining both provisions creates uncertainty during bid evaluation and may lead to inconsistent application of evaluation criteria.

Recommendation

The Head, Procurement and Disposal Unit should review the evaluation methodology and either remove the margin of preference provision or clearly explain how it will be applied under the reservation scheme.

2.2.13 Potentially restrictive experience and financial capacity requirements

Regulation 47(5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires evaluation criteria to promote competition and not unnecessarily restrict bidder participation.

The solicitation document requires bidders to provide recommendation letters from at least two previous clients, evidence of at least three similar contracts within the last three years and relatively high minimum average annual turnover thresholds.

The audit established that the turnover requirements appear disproportionately high when compared to the required contract experience for several Lots (for example, UGX 400,000,000 average annual turnover for Lot 1 against cumulative experience of UGX 100,000,000 over three years).

The current requirements may unnecessarily exclude capable local providers, reduce competition, limit value for money and undermine the objectives of the reservation scheme.

Recommendation
The Head, Procurement and Disposal Unit should review the qualification requirements and ensure that financial capacity thresholds are proportionate to the estimated annual value and complexity of each Lot.

2.2.14 Duplicated and inconsistent part numbers in the Statement of Requirements
Regulation 42(a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires procurement requirements to be clearly defined and free from ambiguity.

The audit identified duplicated and inconsistent manufacturer part numbers within and across different Lots. For example, identical oil filter part numbers appear under different equipment and items, and identical water separator part numbers appear under different engine models and Lots.

These inconsistencies cast doubt on the accuracy of the technical specifications and estimated quantities. The inconsistencies may result in the procurement of incorrect spare parts, duplication of quantities and waste of public resources.

Recommendation
The Head, Procurement and Disposal Unit should verify all part numbers against manufacturers' technical manuals and correct or consolidate duplicated specifications before bid submission.

2.3 Supply and delivery of maintenance spares for Traffic Lights on National Roads under Framework Contract for three (03) Years

2.3.1 Inconsistent price adjustment provisions
The solicitation document contains inconsistent provisions governing contract pricing. GCC Clause 15.1 provides that payments shall be based on unit prices contained in the Price Schedule, while GCC Clause 15.2 provides for price adjustment after 18 months using a prescribed formula. Conversely, ITB 14.7 requires bidders to submit fixed prices.

These provisions create uncertainty regarding whether prices are fixed or adjustable. The inconsistencies may result in inconsistent bid pricing.

Recommendation
The Head, Procurement and Disposal Unit should harmonise the pricing provisions by clearly stating whether prices are fixed or adjustable and correcting the price adjustment formula where applicable.

2.3.2 Inconsistent Performance Security Provisions
The solicitation document contains contradictory provisions regarding performance security. One clause requires submission of a **Performance-Securing Declaration**, while another refers to discharge of a **Performance Security** upon contract completion.

A Performance-Securing Declaration is a declaration rather than a financial security instrument and is therefore not discharged in the same manner as a bank guarantee. The inconsistency may confuse bidders and lead to inconsistent implementation of contractual obligations.

Recommendation
The Head, Procurement and Disposal Unit should harmonise the performance security provisions by consistently requiring a **Performance-Securing Declaration** in accordance with the applicable PPDA Guideline.

2.3.4 Inconsistent delivery and inspection locations
The solicitation document specifies different locations for delivery and inspection of supplies. The General Conditions of Contract identify **MOWT Mpigi Central Stores** as the delivery point, whereas inspections and tests are to be conducted at the **Ministry of Works and Transport Headquarters**.

The document does not clearly explain where delivery, inspection and final acceptance will occur. The inconsistency may create uncertainty for providers and cause delays during delivery and acceptance.

Recommendation
The Head, Procurement and Disposal Unit should revise the solicitation document to clearly define and harmonize the delivery, inspection and acceptance locations.

Audit conclusion
The bid preparatory audit established that the solicitation documents contain several material inconsistencies, omissions and non-compliance issues that may adversely affect competition, transparency, contract implementation and value for money if left uncorrected.

The Accounting Officer should ensure that all recommendations are implemented before bid closure. The revised solicitation documents should be approved in accordance with the PPDA legal framework and communicated to all prospective bidders through a formal addendum. A copy of the revised bidding documents and the issued addendum should be submitted to the Authority for record and follow-up.

The implementation of these recommendations will strengthen compliance with the PPDA Act Cap. 205, the PPDA Regulations, 2023 and the applicable PPDA Guidelines while promoting transparency, fairness and value for money in the procurement process.

Dr. Aloysius M Byaruhanga
FOR: EXECUTIVE DIRECTOR

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