



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Regulating For Results"

Our Ref: PPDA/URA/141

28th August 2026

The Accounting Officer
Uganda Revenue Authority
P.O Box 7279
KAMPALA

**BID PREPARATORY AUDIT REPORT ON SELECTED PROCUREMENT PROCESSES AT
UGANDA REVENUE AUTHORITY**

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 Uganda Revenue Authority. 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 three procurements were selected for the assessment:

1. Provision of Manage Engine system licenses under framework contract - URA/ITD/NCONS/26-27/00028
2. Provision of catering services at various URA Stations under framework contract at Soroti DT, Kyotera DT, Kisoro DT and Masindi DT- Retender- URA/CSD/NCONS/26-27/03429 and
3. Supply and installation of a 3 MVA static voltage stabilizer - URA/CSD/SUPL/26-27/00060 Supply of Uniforms and Beddings (Beddings, Clothing and Footwear) under Framework Contract Ref No. BH/SUPLS/26-27/00001.

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
- 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.

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
Plot 2, Western Bypass Link
Kamukazi Hill-Mbarara
P.O. Box 1353, Mbarara, Uganda.
Tel: +256-414-311810
Email: mbararaoffice@ppda.go.ug

Northern Regional Office
Plot 1, Lower Churchill Drive
P.O. Box 999, Gulu-Uganda
Tel: +256-414-311800
Email: guluoffice@ppda.go.ug

Eastern Regional Office
Plot 27A, Bungokho Road
Senior Quarters
P.O. Box 2173, Mbale-Uganda
Tel: +256-417-890100
Email: mbaleoffice@ppda.go.ug

Mid-Western Regional Office
Plot 5, Circular Road
Kijungu-Hoima
Tel: +256 -414-675870
Email: hoimaoffice@ppda.go.ug

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 issued to bidders.

The Authority identified the following exceptions with regard to the solicitation document for the attention of management as detailed below:

1. Provision of Manage Engine System Licenses under Framework Contract - URA/ITD/NCONS/26-27/00028

1.1 Omission of bid bonds as a form of performance security

The PPDA Guideline 3/2026 on Bid, Performance and Advance Payment Securities issued by the Authority on 1st July 2026 under Section 2.0 stipulates the types of performance securities applicable which include; Bank guarantee, bid bond and Bid securing Declaration.

The Authority noted that in the Special Conditions of Contract GCC Clause 38.3, the Procuring and Disposing Entity required a bid security in the form of a Bank Guarantee only, which is contrary to the PPDA Guideline 3/2026 on Bid, Performance and Advance Payment Securities which contrary to the Authority's Guideline 3/2026.

This restrictive requirement may have unnecessarily limited competition and bidder participation, particularly for eligible providers who could satisfy the bid security requirement through other permissible forms but may not have been able or willing to obtain a bank guarantee and will could have increased the cost and administrative burden of participation, potentially discouraging otherwise qualified providers from submitting bids and thereby reducing the competitiveness of the procurement.

The Head, Procurement and Disposal Unit should revise the solicitation document in accordance with Guideline 3/2026 on Bid, Performance and Advance Payment Securities issued by the Authority on 1st July 2026 and immediately notify the bidders of the changes.

2. Provision of Catering Services at various URA Stations under Framework Contract at Soroti DT, Kyotera DT, Kisoro DT and Masindi DT- Retender- URA/CSD/NCONS/26-27/03429

2.1 Contradictory contractual clauses

Section 48 of the PPDA Act, Cap 205 requires that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness.

The Authority noted contradictory provisions in Section 8: Special Conditions of Contract regarding responsibility for taxes, import duties and levies. GCC 17.1 provides that the Provider shall be responsible for all taxes, import duties and levies imposed on the Provider, whereas GCC 17.2 provides that the Procuring and Disposing Entity shall be responsible for all taxes, import duties and levies imposed by law in Uganda on the Supplies or Services.

The provisions do not clearly distinguish the respective tax obligations of the provider and the Procuring and Disposing Entity, thereby creating ambiguity regarding which party is responsible for particular taxes, import duties and levies arising from the performance of the

contract which may result into disputes, incorrect pricing of bids, unexpected financial liabilities and delays in contract implementation. It may also expose the Entity to additional costs arising from taxes or duties that were not appropriately allocated at procurement stage, and complicate contract administration and enforcement of the parties' respective contractual obligations.

The Head, Procurement and Disposal Unit should reconcile and clarify GCC 17.1 and GCC 17.2 to distinctly specify the taxes, import duties and levies payable by the provider and those payable by the Procuring and Disposing Entity to enhance transparency in the process. The Entity should amend the clause to give a true reflection of the requirement and notify the bidders of the changes made.

2.2 Use of outdated forms

PPDA Guideline 4/2024 on Code of Ethical Conduct of Bidder and Providers issued on 5th February 2024 provides an updated format for Code of Ethical Conduct for procurement and disposal processes which covers ESHS aspects such as labor, human rights and social responsibility, health and safety conduct and Environmental policy.

The Authority observed that the Entity used an outdated form for Ethical Code of Conduct which does not include ESHS aspects which is contrary to Guideline 4/2024 issued on 5th February by the Authority.

This poses increased risk of inadequate consideration and management of Environmental, Social, Health and Safety (ESHS) obligations during the procurement and contract implementation processes and may expose the Entity to non-compliance with applicable ESHS obligations.

The Head, Procurement and Disposal Unit should revise the bidding document to include the updated forms in accordance with PPDA Guideline 4/2024 on Code of Ethical Conduct and issue the updated document to bidders before bid closure.

3. Supply and installation of a 3 MVA static voltage stabilizer - URA/CSD/SUPL/26-27/00060

3.1 Irregular requirement of performance security

The PPDA Guideline No. 3 of 2026 on Bid, Performance and Advance Payment Securities under Section 3.1(iii) requires that a performance security in the form of a Bank Guarantee shall not be required for procurement of consultancy services, supplies, works and non-consultancy services under all procurement bidding methods for local providers and that a Performance Securing Declaration shall instead be required.

Clause GCC 19.1 of the bidding document stipulates that a performance security be required at 5% of contract price, which should apply uniformly to all bidders without differentiation by provider category. However, Guideline No. 3 of 2026 on Bid, Performance and Advance Payment Securities (effective 1st July 2026) provides specific exemptions for local providers which was not accommodated in the current bidding document.

This imposes an unnecessary financial burden on eligible local providers by requiring them to obtain a bank guarantee where a Performance Securing Declaration should apply. It may also

create unequal treatment among bidders, discourage participation by local providers, increase the cost of bidding.

The Head Procurement and Disposal Unit should amend Clause GCC 19.1 and all related performance security provisions to explicitly differentiate requirements based on provider category (local vs. non-local), in full compliance with PPDA Guideline No. 3 of 2026 and notify the bidders of the changes.

In light of 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.


Hilda K. Mwesigwa

FOR: EXECUTIVE DIRECTOR

cc: Chairperson Contracts Committee

cc: Head, Procurement and Disposal Unit