

PPDA/AMUR/565

7th November 2024

The Chief Administrative Officer
Amuria District Local Government
P. O. Box 1
AMURIA

**BID PREPARATORY AUDIT EXERCISE FOR THE PHASE II CONSTRUCTION OF
ADDITIONAL FACILITIES FOR AMOLO AND APEDURU SEED SCHOOL IN
AMURIA DISTRICT FY 2024/25**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted bid preparatory audits for the construction of additional facilities at Amolo Seed Secondary School and Apeduru Seed School (Phase II) in Amuria District. The audit exercise involved a review of the procurement planning, requisition/initiation and solicitation document issued to bidders following the Public Procurement and Disposal of Public Assets Act, Cap 205 and the attendant PPDA Regulations.

The objectives of the audit were to:

1. Ensure that 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 attendant PPDA Regulations; and
2. Establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act, Cap 205 and the attendant PPDA Regulations 2023.

The Authority identified a number of exceptions for the attention of management. The purpose of this letter therefore is to communicate the following findings and recommendations for your attention and action:

1.0 Procurement Planning and Initiation process.

1.1 Failure to submit the procurement plan to the Authority

Section 60 (1) of the PPDA Act, Cap 205 requires the Entity to prepare and submit to the Secretary to the Treasury and to the Authority its annual procurement plan each financial year. Whereas the Entity submitted to the Authority a draft consolidated procurement plan for the FY 2024/25 with the above reflected through email for this bid preparatory audit, no approved and signed plan was ever submitted to the Authority.

Implication

This indicates a lack of transparency and accountability in the procurement process and makes it difficult for the Authority to monitor and track the performance of the Entity in implementing its procurement requirements.

Recommendation

The Accounting Officer should ensure that the Entity's approved procurement plan is always submitted to the Authority by the 31st of July of every new financial year in compliance with Section 60 (1) of the PPDA Act, Cap 205.

1.2 Failure to adhere to planned timelines

The Authority observed delays between the planned and actual initiation dates in the procurement processes for the construction of additional facilities at Amolo Seed School and Apeduru Seed School, as shown in Table 1 below:

Table 1: Delays in planned vs actual initiation dates

No	Subject of procurement	Activity	Planned date	Actual date	Delay
1.	Construction of Additional Facilities	Bid invitation date	20 th June 2024	14 th October 2024	81 working days
2.	at Amolo Seed School and Apeduru Seed School	Bid close/opening date	12 th July 2024	11 th November 2024	85 working days

Implication

Delayed initiation of procurement processes may hinder the timely delivery of services to the intended beneficiaries.

Recommendation

The Accounting Officer should ensure that future procurements are carried out in accordance with the timelines set in the procurement plan to avoid delays in service delivery, in compliance with Section 51 of the PPDA Act, Cap 205. This will improve the efficiency of the procurement process.

1.3 Delayed Contracts Committee approval of the advert, Bidding Document, and Procurement Method

Although the Accounting Officer confirmed funding on 2nd September 2024, the Contracts Committee approval of the advert, bidding document, and method of procurement was not obtained until 11th October 2024. This resulted in a delay of 1 month and 9 days in the approval process.

Risk implication

Delays in the procurement process create lengthy lead times which consequently impede timely service delivery.

Recommendation

The Accounting Officer should ensure that all procurements are conducted in a manner that promotes economy, efficiency, and value for money in accordance with Section 51 of the PPDA Act, Cap 205.

2.0 Preparation of the solicitation document

2.1 Inadequate Statement of requirements

Regulation 44 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023, requires that bidding documents for works should include a statement of requirements covering design, specifications, drawings, and relevant environmental protection and social inclusion issues. The Authority noted that the solicitation document did not provide for or contain the following key issues;

- i. Project specific Environmental, Social, Health and Safety issues or requirements were not provided for in the BOQs e.g., Site hoarding, PPEs, GBV, Grievance Redress mechanism among others.
- ii. There were no project designs, lay outs and drawings to guide the bidders

Risk implication

The omission of such key requirements in the bidding documents may lead to submission of non-responsive bids, and challenges during contract implementation that may include contract variations and even failure to execute the projects.

Recommendations

- The Head Procurement and Disposal Unit, District Engineer, District Educational Officer Environmental Officer together with the District Community Development Officer should ensure that both bidding documents are revised to include all essential requirements such as technical specifications, drawings ,layouts including environmental ,social ,health and safety, in line with Regulation 44 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 and Section 66 of the PPDA Act, Cap 205 on sustainable procurement (ESHS issues)
- The Accounting officer should ensure that an addendum to the solicitation documents addressing the gaps above is run in the News Paper of wide sacculation and submission deadline extended to allow sufficient time to the bidders to adequately prepare their bids.

2.2 Inadequate Evaluation Criteria

The Authority identified the following irregularities in the evaluation criteria of the bidding documents issued to bidders:

- (i) Section 2 of the Bid Data Sheet, ITB 15.1(i), requires the bidder to submit a Tax clearance Certificate issued by URA addressed to Amuria District Local Government. However, this requirement did not indicate the period of validity of the tax clearance certificate.
- (ii) Part 1, Section 3, under the preliminary evaluation criteria, states the requirement for a copy of the Bidder's Trading license relating to the year 2021 yet the procurement related to the Financial Year 2024/2025.
- (iii) Part 1, Section 3, 6.2.6 under Financial Situation and Performance, stated as follows; *'the following cash-flow requirement of UGX 1,500,000,000 (Uganda Shillings One Billion Five Hundred Million), and the overall cash flow requirements for this contract and its concurrent commitments.'* This requirement was unclear since it did not elaborate the documents required from the bidders that would be used to assess this requirement

- (iv) Part 1, Section 3, 6.2.8 under specific experience, required the participation as a contractor, management contractor, or subcontractor, in at least Three (03) contracts within the last Five (05) years, each with a value of at least UGX 1,400,000,000 that have been successfully and substantially completed (at least 70 percent complete) and that are similar to the proposed Works. The similarity shall be based on the physical size, complexity, methods/technology or other characteristics as described in Section 6, Statement of Requirements. However, the Authority found this requirement to be restrictive, as it is high compared to the project estimate of UGX 983,870,968.

Implication

Inadequate evaluation criteria can mislead bidders, resulting in the submission of non-responsive bids, which creates challenges during both the evaluation process and contract implementation. This not only deters competition but may also lead to the selection of incompetent providers, increasing the risk of project delays and substandard performance.

Recommendations

- The Accounting officer should issue an addendum to the solicitation documents addressing the above inconsistencies and ensure that the requirements are not restrictive so as to deter competition.
- The Head Procurement and Disposal Unit should ensure that when preparing bidding documents, ascertain that the statement of requirements defines the requirement precisely and in a manner that leaves no doubt or assumption by a bidder and that the evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear in accordance with Regulations 42 (a) and (b) of the PPDA, (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (PDEs) Regulations 2023.

2.3 Irregular evaluation schedule

The planned procurement schedule in the two bidding documents stated that the Evaluation process will take 40 working days after bid closing. This is contrary to 15 working days as provided in Regulation 4 (1) (b) of the PPDA (Evaluation) Regulations, 2023.

Implication

This may hinder timely project implementation, and negatively impact the overall procurement efficiency.

Recommendation

The Entity should revise the planned procurement schedule in the bidding documents to align with Regulation 4 (1) (b) of the PPDA (Evaluation) Regulations, 2023, which stipulates that the evaluation process should take no longer than 15 working days from the date of the opening of the bids, for the evaluation of bids for the procurement of works.

2.4 Inconsistency in Performance Security Requirements

Clause 2.0 (iv) of Guideline 3, 2024, regarding bid and performance securities, stipulates that performance security shall not exceed 5% of the contract price. However, the General Conditions of Contract (GCC) 61.1 in the two bidding documents specifies a performance security requirement of 8% and an ES Performance Security of 2% of the contract price.

Implication

This may discourage potential bidders from participating in the bidding process due to the higher performance security requirement, resulting in low bidder response and potentially higher contract prices.

Recommendation

The Entity should revise the two bidding documents to ensure that the performance security requirement aligns with Clause 2.0 (iv) of Guideline 3, 2024, which states that performance security must not exceed 5% of the contract price.

The Accounting Officer is required to ensure that all the above recommendations are implemented and addendum to the Solicitation with changes and an extended bid submission deadline is communicated and shared with all bidders to enable them prepare and submit responsive bids.



Moses Ojambo

For; EXECUTIVE DIRECTOR

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