



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

PPDA/NARO/142

27th February 2024

The Accounting Officer
National Agricultural Research Organisation
Plot 11-13 Lugard Avenue
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**BID PREPARATORY AUDIT EXERCISE FOR THE SUPPLY AND INSTALLATION
OF BIOGAS UPGRADATION SYSTEM & BOTTLING PLANT AND SUPPLY OF
ASSORTED OFFICE FURNITURE & FITTINGS**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) on 23rd February 2024 conducted a bid preparatory audit on the procurement of the supply and installation of Biogas Upgradation System & Bottling Plant and Supply of Assorted Office Furniture & Fittings under Section 7 (j) (i) of the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003 to be undertaken this Financial Year 2023/24.

The audit exercise involved a review of procurement planning, requisition/initiation and solicitation documents issued to bidders following the Public Procurement and Disposal of Assets Act, 2003, the Regulations, 2023 and Guidelines 2024.

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, 2003, the Regulations, 2023 and Guidelines 2024; and
2. Establish whether the solicitation documents issued to bidders were prepared in accordance with the provisions of the PPDA Act 2003, the Regulations, 2014 and Guidelines 2014.

The Authority identified some exceptions for the attention of management as detailed below:

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Objective 1: To establish whether the public procurement planning and requisition process was conducted in a manner which promotes transparency, accountability and fairness in accordance with the Public Procurement and Disposal of Public Assets Act 2003, the Regulations, 2023 and Guidelines 2023

1.0 Procurement Planning and Initiation Process

1.1 Incomplete initiation form

Regulation 3 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Non-consultancy Services and Works) Regulations, 2023 states that a procurement requirement shall be initiated using Part 1 of Form 5 in the schedule. Form 5 has a section titled *availability of funds to be confirmed prior to approval by Accounting Officer* where key information from the budget has to be filled before the Accounting Officer approves the procurement.

The Authority observed that the funds availability section was not fully filled. Information on the Vote head, Programme, Sub-programme were not indicated to guide the Accounting Officer before commitment of funds. Whereas the *balance remaining* was filled, this figure could not be attached to a particular item code in the budget.

Implication

The Accounting Officer committed that funds were available without adequate information to guide the decision.

Recommendation

The User Departments should fill all the details in the initiation form to guide decision making.

1.2 Bid Security

Guideline No 3 of 2024 on Bid Securities provide that a procuring and disposing entity may require a bidder to provide a Bid Security in accordance with Regulation 63 (2) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Regulation 47 (2) of the Public Procurement and Disposal of Public Assets (Procurement of Consultancy Services) Regulations, 2023. Under 1.1 Bank Guarantee, it further states that the bank guarantee shall indicate a fixed amount and shall not exceed 1% of the estimated value of the procurement requirement.

The Audit noted the following:

- i. Supply and installation of Biogas Upgradation System & Bottling Plant
Both ITB 21.2 of the bidding document and the bid notice indicated the amount and currency of the bid security shall be: UGX 28,000,000 (Twenty-Eight Million Shillings) yet the estimated value of the procurement was UGX 1,400,000,000 and hence the bid security (1%) should have been UGX 14 million instead of UGX 28 million requested for.
- ii. Supply of Assorted Office Furniture & Fittings
Both ITB 21.2 of the bidding document and the bid notice indicated the amount and currency of the bid security shall be: UGX 16,000,000 (Sixteen Million Shillings) yet the estimated value of the procurement was UGX 800,000,000 and the bid security (1%) should have been UGX 8 million instead of UGX 16 million requested for.

Implication

The request for higher bid security figure may discourage potential bidders and hence affecting competition and value for money.

Recommendation

The Authority recommends that the Entity should comply with the Guideline No 3 of 2024.

Objective 2: Whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act 2003, the Regulations, 2023 and Guidelines 2024**2.1. Contradictions in the bidding document issued**

The Authority noted the following contradiction in the bidding document for supply and installation of Biogas Upgradation System & Bottling Plant:

The Special Conditions of Contract of contract under GCC 16.1 stated that: *'the structure of payment shall be: 30% of contract amount upon submission of an advance bank guarantee with equivalent value from a recognised commercial bank acceptable to the client and 70% upon delivery, inspection and acceptance while GCC 17.1 indicated that an advance payment guarantee shall not be required.*

Implication

This will leave room for confusion for both bidders and the Entity during Contract implementation.

Recommendation

The Authority recommends that the Entity should harmonise the areas mentioned above in the bidding document issued to bidders.

The purpose of this letter is to forward to you the findings from the bid preparatory audit exercise for your implementation and request you to share with the Authority the revised bidding documents.



Simon Businge

FOR: EXECUTIVE DIRECTOR

c.c. Chairperson, Contracts Committee
c.c. Head Procurement and Disposal Unit