

Our Ref: PPDA/MUK/301

25th September 2026

The University Secretary
Makerere University
P.O. Box 7062
KAMPALA

**REPORT ON BID PREPARATORY AUDIT EXERCISE FOR FOUR PROCUREMENTS
AT MAKERERE UNIVERSITY**

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 Authority conducted bid preparatory audits of the below listed procurements:

1. Supply and delivery of two double cabin pickups under Proc Ref: MAK/SUPLS/2026-2027/00035;
2. Supply and delivery of two station wagons under Proc Ref: MAK/SUPLS/2026-2027/00036;
3. Supply and delivery of 205 laptops for cohort 8 scholars under the Mastercard Foundation Programme under Proc Ref: delivery of two station wagons under Proc Ref: MAK/SUPLS/2026-2027/00045; and
4. Supply and delivery of 258 laptops for cohort 9 scholars under the Mastercard Foundation Programme under Proc Ref: delivery of two station wagons under Proc Ref: MAK/SUPLS/2026-2027/00046

The audit covered procurement planning, requisitioning, preparation of solicitation documents, approvals, and compliance with the PPDA Act, Cap. 205, PPDA Regulations, 2023 and applicable Guidelines.

This involved document review, interviews with procurement staff, examination of procurement records and comparison with the legal framework.

The purpose of the audit was to establish whether the initial procurement processes and the solicitation documents issued to the bidders were prepared in accordance with the provisions of the PPDA Act Cap. 205 and PPDA Regulations, 2023.

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The specific objectives were to;

1. Establish whether the procurement 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
2. 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 Authority identified the following exceptions with regard to the objectives mentioned above for the attention of management.

1.1. Failure to obtain clearance for procurement of motor vehicles from the Ministry of Public Service

The procurement of motor vehicles by Ministries, Departments, Agencies and Local Governments (MDALGs) is required to be submitted to the Ministry of Public Service for clearance prior to commencement of the procurement process, in accordance with the Ministry of Public Service Circular Ref: ADM/99/100/01 dated 8 January 2026. Other policy documents reinforcing this requirement include:

- a) The Establishment Notice No.1 on standardization of vehicles for Ministers and other entitled officers and projects issued in 2003 to regulate engine capacity for all MDALGs;
- b) Circular letter from Rt. Hon. Prime Minister dated 30th March 2011 freezing purchase of vehicles and other non-essential consumptive expenditure.

Contrary to the above requirements, the audit noted that the Entity commenced the procurement of two double-cabin pickups and two station wagons without first obtaining the requisite clearance from the Ministry of Public Service.

During interactions with the Entity, it was explained that the Entity intended to obtain the Ministry of Public Service clearance before submission of the draft contracts to the Solicitor General for clearance.

The Authority, however, noted that obtaining the clearance at that stage would be after commencement of the procurement process and would therefore not meet the requirement for prior clearance. The Ministry of Public Service clearance should have been obtained before initiating the procurement process to confirm that the proposed acquisition was permissible and consistent with Government policy.

Implication

Commencement of the procurement without the required prior clearance exposes the Entity to the risk of undertaking a procurement that may subsequently not receive the necessary approval from the relevant Authorities. This may result in delays in contract finalization or may result into the procurement stalling.

Recommendation

The Accounting Officer should within 15 days from receipt of this report submit the procurement of the motor vehicles to the Ministry of Public Service for approval. The clearance from the Ministry of Public Service should be obtained prior to contract award and signature.

The Accounting Officer should also ensure that clearance from the Ministry of Public Service is obtained before commencement of any future procurement of motor vehicles.

1.2 Failure to request for Bid Guarantees/ Bid Insurance Bonds from bidders

Clause 2.1 of the PPDA Guideline No. 3/2026 issued on 1st July 2026 states that: *"A bid security in the form of a bank guarantee shall be required for procurement of supplies, works and non-consultancy services under open domestic and international bidding methods."*

Further, Clause 2.2 of the PPDA Guideline No. 3/2026 states that: *"A bid security in the form of a bid insurance bond shall be required for procurement of supplies, works and non-consultancy services under the open domestic and international bidding methods in the alternative to the bank guarantee."*

The Authority noted that all four procurements reviewed were conducted using the Open Domestic Bidding method. However, under ITB 25.1 of the respective Bid Data Sheets for the four procurements, the Entity required bidders to submit bid securing declarations instead of bid security in the form of a bank guarantee.

This was contrary to Clauses 2.1 and of PPDA Guideline No. 3/2026, which specifically requires bid security in the form of a bank guarantee for procurements conducted under Open Domestic and Open International Bidding.

The Authority further noted that, under Clause 2.3 of the Guideline, a bid securing declaration is applicable to procurements conducted using Restricted Bidding, Request for Quotations and Direct Procurement, and therefore was not the prescribed form of bid security for the procurements under review.

Implication

This weakens the Entity's protection against bidders withdrawing or otherwise failing to honour their bids in circumstances where bid security is required.

Recommendation

The Head, Procurement and Disposal Unit should revise the bidding documents to require bidders to submit bid securities in the form of bank guarantees or bid bonds in accordance with Clauses 2.1 and 2.2 of the PPDA Guideline No. 3/2026, and thereafter communicate the amendments to all prospective bidders through a formal addendum.

1.3 Ambiguity on application of the margin of preference

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.

The Authority established that the Entity did not specify under ITB 42.1 of the Bid Data Sheet in the bidding documents for the four procurements as to whether the margin of preference shall be applied or not. The bidding documents simply stated that the margin of preference “shall/shall not apply.” Being that the four procurements are being undertaken using open domestic bidding procurement method, margin of preference should have been applied since there is possibility that both local and foreign bidders will participate in these procurements.

Implication

Failure to apply a margin of preference denies eligible domestic providers and local manufacturers the statutory benefits intended under Government policy to promote local content.

Recommendation

The Head, Procurement and Disposal Unit should revise the bidding documents to provide for the application of the prescribed margin of preference in accordance with Section 62(1)(a) and (b) of the PPDA Act, Cap. 205 and communicate the amendments to all prospective bidders through a formal addendum.

1.4 Failure to prescribe the appropriate form of performance security for local bidders

Clause 3.1(i) & (iii) of the PPDA Guideline No. 3/2026 issued on 1st July 2026 states that *“Performance security in the form of a bank guarantee shall be required for procurement of consultancy services, supplies, works and non-consultancy services under all procurement bidding methods for providers that are not local providers.”*

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. A Performance Securing Declaration shall instead be required.”

Contrary to the above, the Authority noted that in GCC 19.1 of the Special Conditions of the Contracts for the four procurements reviewed, the Entity requested bidders to provide performance security of 5%, in the form of performance guarantees. Whereas this should be applicable to foreign providers, the same should not apply to local providers, who are required to provide performance securing declarations instead of performance guarantees.

By prescribing a performance guarantee as a blanket requirement in the bidding documents without distinguishing between local and foreign providers, the Entity did not align the contractual requirements with the provisions of Clause 3.1 of PPDA Guideline No. 3/2026. Consequently, local providers participating in the procurements would have been required to provide a form of security that was not prescribed for local providers under the Guideline.

Implication

The blanket requirement for performance guarantees may impose an unnecessary financial and administrative burden on local providers and may discourage eligible local providers from participating in public procurement.

Recommendation

The Head, Procurement and Disposal Unit should revise GCC 19.1 and 19.3 of the Special Conditions of the Contracts for the four procurements to clearly state that performance securities in the form of 5% performance guarantees shall be required from foreign providers, while performance securing declarations shall be required from local providers and thereafter communicate the amendments to all prospective bidders through a formal addendum.

1.5 Failure to clearly specify applicable contractual conditions in bidding documents

The Authority noted that the bidding documents for the four procurements reviewed did not clearly communicate to bidders whether certain provisions and contractual conditions contained in the standard bidding documents were applicable to the respective procurements.

Specifically, the Entity did not appropriately edit or complete the relevant sections of the bidding documents to indicate whether insurance (GCC 25), liquidate damages (GCC 28) and liability of joint ventures (GCC 6) shall apply or not. Leaving these provisions unspecified created uncertainty as to the contractual obligations and conditions that would apply to bidders and, ultimately, the successful providers.

Implication

Failure to clearly specify the applicable contractual conditions may result in uncertainty and different interpretations by bidders, potentially leading to inconsistencies in bid preparation, evaluation and subsequent contract management. It may also expose the Entity to avoidable contractual disputes and potential litigation.

Recommendation

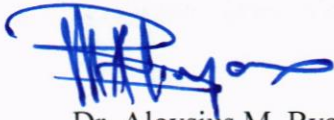
The Head, Procurement and Disposal Unit should revise the bidding documents to specifically state whether all the relevant contractual conditions are applicable, or not and thereafter communicate the amendments to all prospective bidders through a formal addendum.

General recommendations

The Accounting Officer should ensure that all the recommendations contained in this report are implemented before proceeding with the procurement process. Specifically, the Entity should revise the bidding documents to address all identified deficiencies and issue a formal addendum to all prospective bidders communicating the amendments made.

The bid submission deadline should also be extended to provide bidders with sufficient time to consider the amendments and prepare responsive bids.

The Entity should thereafter submit the revised bidding documents and copies of the issued addenda to the Authority for review before proceeding with the bid opening process.

A handwritten signature in blue ink, appearing to read 'A. Byaruhanga', with a large, stylized flourish at the end.

Dr. Aloysius M. Byaruhanga

FOR: EXECUTIVE DIRECTOR

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