



**PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS
AUTHORITY**

**INVESTIGATION REPORT INTO BREACHES INTO IGANGA
MUNICIPAL COUNCIL PROCUREMENT NOTICE REF
IGAN/473/REVN/18-19/00001**

ENTITY: IGANGA MUNICIPAL COUNCIL

COMPLAINANT: MUNICIPAL SPEAKER

AUGUST 2018

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ACRONYMS

AO	-	Accounting Officer
Authority	-	Public Procurement and Disposal of Public Assets Authority
CC	-	Contracts Committee
PDU	-	Procurement and Disposal Unit
PPDA Act	-	Public Procurement and Disposal of Public Assets Act No. 1 of 2003
PPDA	-	Public Procurement and Disposal of Public Assets Authority
TC	-	Town Council

1.0 SUMMARY OF FACTS

1. On 5th June 2018, the Contracts Committee approved the bidding document, open national bidding method and the Evaluation Committee as indicated in Table 1 below.

Table 1: Evaluation Committee

NO	NAME	DESIGNATION
1.	Ms. Asia Namusoke	Procurement Officer
2.	Mr. Moses Nanambi	Senior Accounts Assistant Central Divison
3.	Ms. Florence Kiiza	Senior Accounts Assistant Northern Division
4.	Mr. Andrew Mugabi	Assistant Education Officer

2. On 14th June 2018, the Entity initiated the procurement for revenue collection under category (A) for Central and Northern divisions and approved by the Accounting Officer on 18th June 2018 and 11th July 2018 respectively.
3. On 14th June 2018, Iganga Municipal Council published a bid notice in the Daily Monitor Newspaper for the management and revenue collection from various sources for FY 2018-19.
4. The following firms were issued with bidding documents as indicated in Table 2 below:

Table 2: Record of issue of bidding documents

No	Subject of procurement	Bidder (s)
1.	Advertisement	Bumaga and Dhalas Investments Ltd
2.	Special hire services	Subamu Investments and klim
3.	Loading and off loading	Subamu Inv Ltd, Klim home collection Home collections Afro gen
4.	Hotel tax	Sumamu Investment and RMT Engineering Ltd
5.	Ground rent and rates	Prime location Ltd
6.	Revenue collection from old Kaliro Road Market	Batuli Investments Ltd
7.	Management of revenue collection from taxi parks toilet	Batuli and Dhalas Investment Ltd
8.	Collection for abattoir	Klim home collection and Afro General Builders and Carpentry (U) Ltd
9.	Street parking	Subuma, Matama and Services Ltd Gold max Ventures
10.	Revenue collection from miscellaneous	Kasokoso and Tweyambe Service

5. Bids were received from 24th June 2018 to 17th July 2018 from various providers and opened on the same day as indicated in Table 3 below:

Table 3: Record of bid opening

NO.	NAME OF FIRM	REVENUE SOURCE	AMOUNT (UGX)
1.	Batuli Investments Ltd	Kaliro road market	720,000

NO.	NAME OF FIRM	REVENUE SOURCE	AMOUNT (UGX)
2.	Nabitende Investment and supplies ltd	Enforcement from revenue collection from central market	6,250,000
3.	Batuli investments ltd	Kaliro road market	720,000
4.	Batuli investment ltd	Taxi park toilet in central division	2,750,000
5.	Afro General Builders and Carpentry (u) Ltd	Loading and off loading	2,400,000
6.	Afro General builders and carpentry (u) Ltd	Abattoir	3,600,000
7.	Prime location Ltd	Management of revenue collection from ground rent central division	10% of what is collected
8.	Bumanga General Services Ltd	Advertisement	2,880,000
9.	Basham Association (u) Ltd	Property tax	10% of total collection
10.	Prime location Ltd	Property rates	10% of total collection
11.	Subamu Investment Ltd	Hotel tax	10% of total collection
12.	Dhallas Investments Ltd	Park toilet	3,240,000
13.	Subamu Investments Ltd	Special hire	1,800,000
14.	Dhallas Investments Ltd	Ads, billboards and promos	2,880,000
15.	Klin Home Collect Ltd	Special hire	1,802,000
16.	Klin Home Collect Ltd	Abattoir	3,002,500
17.	RNF Engineering Contractors Ltd	Hotel tax in central and northern division	28,800,000
18.	Kasokoso Services Ltd	Hotel tax in central and northern division	2,460,000
19.	Subamu Investments Ltd	Loading and offloading	2,400,000
20.	Subamu Investments Ltd	Street parking in central division and northern division	3,600,000

6. On 2nd July 2018, the Authority received a complaint from the Speaker, Iganga Municipal Council citing irregularities in the procurement process.
7. On 13th July 2018, the Authority directed the Entity to halt the process and an investigation was launched on 1st August 2018.

1.0 LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act 2003;
- ii. The Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006; and
- iii. Circular issued by the Ministry of Local Government on the Government Policy Decision on the Development and Management of Markets in Uganda issued by the Ministry of Local Government on 17th September 2007.

3.0 OBJECTIVES OF THE INVESTIGATION

The objectives of the investigation were to establish whether:

- i. The User Department initiated the procurement requirements and the Entity published a bid notice for revenue collection that was different from the approved division procurement work plan and budget for FY 2018/19;
- ii. The reserve prices were not factual and differed from the approved division procurement work plan and budget for Financial Year 2018/19; and
- iii. The bid notice contravenes the Government Policy Decision in force as issued by the Ministry of Local Government on the management of markets in Uganda.

4.0 METHODOLOGY

The Authority adopted the following methodology:

4.1 Review of the following documents:

- i. The invitation to bid;
- ii. Solicitation documents issued;
- iii. Record of bid closing and bid opening;
- iv. The bidding document;
- v. Evaluation reports;
- vi. Contracts Committee decisions for this procurement;
- vii. The contract; and
- viii. All correspondences on file related to this matter.

4.2 The Authority held a meeting with the following persons on 1st August 2018 as shown in Table 4 below:

Table 4: Persons met by the Authority

No	NAME	DESIGNATION
1.	Mr Kato Ephraim	Town Clerk
2.	Mr. Constantine Buikyabubi	Mayor
3.	Mr. Tonny Mwesigwa	Head, Procurement and Disposal Unit
4.	Mr. Muwereza Paul	Central division Speaker

5.0 FINDINGS OF THE AUTHORITY

5.1 Whether the User Department initiated the procurement requirements and the Entity published a bid notice for revenue collection that was different from the approved Division procurement work plan and budget for FY 2018/19

- i. The complainant alleged that the User Department was not responsible for initiating the procurement requirements and that the Entity published a bid notice for revenue collection that was different from the approved division procurement work plan and budget for FY 2018/19.
- ii. Regulation 26 (1) of the Local Governments (PPDA) Regulations 2006, requires that: Every User Department shall-
 - a) *Prepare and annual and quarterly procurement and disposal work plan based on the approved budget, which shall be submitted to the procurement and disposal unit for implementation and may seek technical assistance where necessary.*
 - b) *Initiate procurement and disposal requirements.*
- iii. The Authority noted that the procurements were initiated by the respective Division Treasurers i.e. Ms. Harriet Mirembe, Ag. Division Treasurer, Central Division and Mr. Ayub Lukeila, Division Treasurer, Northern Division and approved by the Deputy Town Clerk and Town Clerk respectively.
- iv. The Authority noted that the procurement of revenue collection from ground rent and rates in central and northern Divisions was not on the approved procurement plan.
- v. The Authority found from the review of the bid notice and procurement plan that the procurement of special hire (saloon cars, diana, tippers and lorries) revealed a variance between the planned amount and the reserve price. The procurement plan indicated UGX 18,000,000 while the procurement was initiated at UGX 21,000,000. In addition the procurement of revenue collection from loading and off-loading in Northern and Central division were not budgeted for.
- vi. The Authority finds that whereas the procurement was initiated by the both Central and Northern division. One was not on the procurement plant and there was a variance between the planned and the reserve price in another.
- vii. The Authority found that the User Departments initiated the procurements for revenue collection although the bid notice differed from the approved division procurement work plan and budget for FY 2018/19 in respect to special hire (saloon cars, diana trucks, tippers and lorries) by UGX 3 million.

5.2 Whether the reserve prices were not factual and differed from the approved division procurement work plan and budget for Financial Year 2018/19

- i. The complainant alleged that the reserve prices were not factual and differed from the approved division procurement work plan and budget for financial 2018/19.
- ii. The Authority reviewed the budgets for financial 2017/2018 and 2018/19 & reserve prices and noted that they were the same except for that of procurement of special hire (saloon cars, diana trucks, tippers and lorries which differed by UGX 3 million.
- iii. The Entity informed the Authority at a meeting held at the Entity's premises on 1st August 2018 that reserve prices were based on reserve prices for the previous Financial Year.
- iv. The Authority found that the reserve prices were factual and the same as the approved division procurement work plan and budget for Financial Year 2018/19 except for that of special hire (saloon cars, diana trucks, tippers and lorries which differed by UGX 3 million.

5.3 Whether the Entity followed the Government Policy on the Development and Management of Markets in the City, Municipalities and Towns.

- i. The complainant alleged that the bid notice contravened the Government Policy decision in force as issued by the Ministry of Local Government on the management of markets in Uganda. That the Policy prohibits subjecting markets to open domestic bidding by private firms or persons but restricts management of markets to only sitting market vendors through their registered cooperatives societies by selective bidding method.
- ii. On 14th June 2018, Iganga Municipal Council published a bid notice in the Daily Monitor Newspaper for the management and revenue collection from various sources including central Market and Kaliro road market.
- iii. The Government Policy decision on the development and management of markets in the Cities, Municipalities and Towns issued by the Ministry of Local Government on 17th September 2007 provides that the sitting tenants who own stalls, kiosks etc. in the markets shall all register under their associations and the registered market vendors shall be given the first priority to redevelop and manage the markets.
- iv. The bidding document indicated that *“reservation scheme shall apply as per the PPDA guideline and this shall be for those sitting within their area of operation as along their remittances are good”*
- v. Whereas the bidding document indicated that *“reservation scheme shall apply as per the PPDA guideline and this shall be for those sitting within their area of operation as along*

their remittances are good”, the procurement method used by the Entity was open national bidding method.

- vi. The Authority found that the Entity did not adhere to the use of selective bidding method in accordance with the Government Policy decision on the development and management of markets in the Cities, Municipalities and Towns issued by the Ministry of Local Government on 17th September 2007.

6.0 RECOMMENDATIONS

In light of the above findings, and in accordance with Section 9 (1) of the PPDA Act 2003, the Authority recommends that:

1. The Accounting Officer continues with the implementation of the procurement process and updates the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.
2. The Entity should in future procurement processes for revenue collection from markets take into consideration the provisions of the Government Policy decision on management of markets.