



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

**INVESTIGATION REPORT INTO IRREGULAR AWARD OF TENDER FOR  
COLLECTION OF LOCAL REVENUE FROM MATOOKE AND PRODUCE TO  
VARIOUS SUB-COUNTIES IN ISINGIRO DISTRICT LOCAL GOVERNMENT**

**ENTITY : ISINGIRO DISTRICT LOCAL GOVERNMENT**

**COMPLAINANT : DISTRICT CHAIRPERSON**

**JULY 2018**

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## ACRONYMS

AO	-	Accounting Officer
BEB	-	Best Evaluated Bidder
CAO	-	Chief Administrative Officer
CC	-	Contracts Committee
HPDU	-	Head Procurement and Disposal Unit
Ltd	-	Limited
PDU	-	Procurement and Disposal Unit
PPDA	-	Public Procurement and Disposal of Public Assets Authority
PPDA Act	-	Public Procurement and Disposal of Public Assets Act No. 1 of 2003
UGX	-	Uganda Shillings

## 1.0 SUMMARY OF FACTS

### A-KIKAGATE SUBCOUNTY REVENUE COLLECTION FROM MATOOKE MARKET AND OTHER CEREAL PRODUCE

1. On 15<sup>th</sup> June 2017, the Contracts Committee delegated the function of sourcing a tender for collection and management of matooke and other cereal agriculture produce loading fees to Mr. Magomu K. Kenneth, Senior Assistant Secretary, Kikagate Sub-County effective 1<sup>st</sup> August 2017.
2. On 1<sup>st</sup> July 2017, the Accounting Officer authorised the Senior Assistant Secretary, Kikagate Sub-County to handle the procurement of collection of revenue from matooke and cereal produce loading fees.
3. On 8<sup>th</sup> January 2018, the Senior Assistant Secretary, Kikagate Sub-County invited prospective tenderers in a bid notice displayed on the Sub-County notice board for the procurement of local revenue collection from matooke and produce loading fees.
4. On 8<sup>th</sup> January 2018, bidding documents were issued to Renad Investments Ltd and Mr. Enock Semakulu.
5. On 23<sup>rd</sup> January 2018, the Contracts Committee approved the open national procurement method, bid notice and the Evaluation Committee comprising of the following members:

**Table 1: Evaluation Committee**

No	Name	Department
1.	Mr. Daniel Ainami	Health Department
2.	Mr. Andrew Owamazima	Production Department
3.	Mr. Gervase Barigye	Finance Department

6. On 9<sup>th</sup> February 2018, two bids were received and opened in the presence of the bidders:

**Table 2: Record of bid opening**

No.	Bidder	Bid price (UGX)
1.	Renad Investments Ltd	200,000
2.	Mr. Enock Semakula	170,000

7. On 9<sup>th</sup> February 2018, the Evaluation Committee recommended award of contract to Renad Investments Ltd at a contract price of UGX 200,000 per month for a period of four months from 1<sup>st</sup> March 2018 to 30<sup>th</sup> June 2018. Mr. Enock Semakulu having quoted UGX 170,000 was evaluated as second best and therefore not successful.
8. On 14<sup>th</sup> February 2018, the Contracts Committee awarded the tender for collection and management of matooke and other cereal agriculture produce loading fees to Renad Investments Ltd at a contract price of UGX 200,000 per month for a period of four months commencing 1<sup>st</sup> March 2018 and terminating on 30<sup>th</sup> June 2018.

9. On 28<sup>th</sup> February 2018, the Senior Assistant Secretary communicated award of tender for collection of matooke/produce cereal loading fees to Renad Investments Ltd at a contract price of UGX 200,000 per month.
10. On 1<sup>st</sup> March 2018, Kikagate Sub-County signed a contract with Renad Investments Ltd for collection of revenue from matooke and cereal produce loading fees at a contract price of UGX 200,000 per month.
11. On 2<sup>nd</sup> March 2018, the Veterinary Officer, Kikagate Sub-County was appointed as contract supervisor for the contract of collection and management of matooke and cereal produce loading fees tender for the Financial Year 2017/18.
12. On 20<sup>th</sup> March 2018, PPDA received a complaint from the District Chairperson alleging that the procurement for collection of local revenue from matooke and produce to various Sub-County/Town Councils in the district was conducted without following a due process.
13. On 21<sup>st</sup> March 2018, the Authority informed Isingiro District Local Government that an investigation into the complaint had been instituted and the procurement action file was submitted to PPDA on 4<sup>th</sup> April 2018.

### **B-RUGAAGA SUBCOUNTY REVENUE COLLECTION FROM MATOOKE MARKET AND OTHER CEREAL PRODUCE**

1. On 5<sup>th</sup> June 2017, the Sub-County Chief approved the procurement requisition for collection of revenue from Matooke and cereal produce loading fees with an estimated price of UGX 400,000 per month.
2. On 15<sup>th</sup> June 2017, the Contracts Committee delegated the function of sourcing a tender for collection and management of matooke and other cereal agriculture produce loading fees to Mr. Samuel Twinomugisha, Senior Assistant Secretary, Rugaaga Sub County.
3. On 1<sup>st</sup> July 2017, the Chief Administrative Officer delegated the function of procurement of Matooke and livestock markets to be contracted for a period of three months.
4. On 3<sup>rd</sup> January 2018, the Contracts Committee approved the open national bidding method, bid notice and the Evaluation Committee comprising of the following members:

**Table 3: Evaluation Committee**

No	Name	Department
1.	Mr. Edward Ainemugisha	Finance
2.	Mr. Felix Besiga	Production
3.	Mr. Enok Natukunda	Community

5. On 18<sup>th</sup> January 2018 the Sub-County Chief invited prospective bidders in a bid notice displayed on the Sub-County notice board for the procurement of local revenue collection from matooke and cereal produce loading fees. Bidding was closed on 8<sup>th</sup> February 2018.

6. On 18<sup>th</sup> January 2018, bidding documents were issued to Renad Investments Ltd and Mr. YonaNuwagaba.
7. On 8<sup>th</sup> February 2018, two bids were received and opened in the presence of the bidders:

**Table 4: Record of bid opening**

No.	Bidder	Bid price (UGX)
1.	Mr. Bernard Bazaire (Renad Investments Ltd)	300,000
2.	Mr. YonaNuwagaba	250,000

8. On 10<sup>th</sup> February 2018, the Evaluation Committee recommended award of contract to Renad Investments Ltd at a contract price of UGX 300,000 per month for a period of four months from 1<sup>st</sup> March 2018 to 30<sup>th</sup> June 2018. Mr. YonaNuwagaba having quoted UGX 250,000 was evaluated as second best and therefore not successful.
9. On 13<sup>th</sup> February 2018, the Contracts Committee awarded the tender for collection and management of matooke and other cereal agriculture produce loading fees at a contract price of UGX 300,000 per month for a period of four months commencing 1<sup>st</sup> March 2018 and terminating on 30<sup>th</sup> June 2018.
10. On 27<sup>th</sup> February 2018, the Senior Assistant Secretary communicated award of tender for matooke/produce cereal loading fees collection to Renad Investments Ltd at a contract price of UGX 300,000 per month.
11. On 1<sup>st</sup> March 2018, Rugaaga Sub-County signed a contract with Renad Investments Ltd for collection of revenue from matooke and other cereal produce of UGX 300,000.
12. On 2<sup>nd</sup> March 2018, the Finance Officer Rugaaga Sub-County was appointed as the contract supervisor for the contract of collection and management of matooke revenue and cereal produce loading fees tender for the Financial Year 2017/18.
13. On 20<sup>th</sup> March 2018, PPDA received a complaint from the District Chairperson alleging that the procurement for collection of local revenue from matooke and produce loading fees to various SubCounty/Town Councils in the district was being done without a due process.
14. On 21<sup>st</sup> March 2018, the Authority informed Isingiro District Local Government that an investigation into the complaint had been instituted and the procurement action file was submitted to PPDA on 4<sup>th</sup> April 2018.

#### **C-NGARAMA SUB COUNTY REVENUE COLLECTION FROM MATOOKE MARKET AND OTHER CEREAL PRODUCE**

1. On 15<sup>th</sup> June 2017, the Contracts Committee delegated the function of sourcing a tender for collection and management of matooke and other cereal agriculture produce loading fees to the Ms. Anna Ainembabazi, Senior Assistant Secretary, Ngarama Sub County.

2. On 1<sup>st</sup> July 2017, the Chief Administrative Officer authorised the Senior Assistant Secretary, Ngarama Sub County to handle the procurement of revenue collection from matooke and cereal produce loading fees.
3. On 8<sup>th</sup> December 2017, the Senior Assistant Secretary, Ngarama Sub County approved the procurement requisition for collection of revenue from matooke and cereal produce loading fees with an estimated price of UGX 400,000 per month.
4. On 19<sup>th</sup> January 2018, the Contracts Committee approved the Open National Bidding method, bid notice and the Evaluation Committee comprising of the following members:
  - i. Claire Kawulu
  - ii. Siprian Binomugisha
  - iii. Steven Kiwanuka
5. On 19<sup>th</sup> January 2018, the Senior Assistant Secretary, Kikagata Sub County invited prospective tenderers in a bid notice displayed on the Sub-County notice board for the procurement of local revenue collection from matooke and cereal produce loading fees. Bidding was closed on 9<sup>th</sup> February 2018.
6. On 9<sup>th</sup> February 2018, bidding documents were issued to Renad Investments Limited
7. On 9<sup>th</sup> February 2018, a bid was received and opened from Renad Investments Ltd with a bid price of UGX 200,000 in the presence of the bidder.
8. On 9<sup>th</sup> February 2018, the Evaluation Committee recommended award of contract to Renad Investments Ltd at a contract price of UGX 200,000 per month for a period of four months from 1<sup>st</sup> March 2018 to 30<sup>th</sup> June 2018.
9. On 13<sup>th</sup> February 2018, the Contracts Committee under minute three awarded the tender for collection and management of matooke and other cereal agriculture produce loading fees at a contract price of UGX 200,000 per month for a period of four months commencing 1<sup>st</sup> March 2018 and terminating on 30<sup>th</sup> June 2018.
10. On 28<sup>th</sup> February 2018, the Sub County Chief communicated award of tender for matooke/produce cereal loading fees to Renad Investments Ltd at a contract price of UGX 200,000 per month.
11. On 1<sup>st</sup> March 2018, Ngarama Sub County signed a contract with Renad Investments Ltd for collection of revenue from matooke and other cereal produce loading fees at a contract price of UGX 200,000 per month.
12. On 2<sup>nd</sup> March 2018, Alex Mwijukye (Senior Administrative Assistant) was appointed as the contract supervisor for the contract of collection and management of matooke revenue and cereal produce loading fees tender for the Financial Year 2017/18.
13. On 20<sup>th</sup> March 2018, PPDA received a complaint from the District Chairperson alleging that the procurement for collection of local revenue from matooke and produce to various Sub-County/Town councils in the district was without a due process.

14. On 21<sup>st</sup> March 2018, the Authority informed Isingiro District Local Government that an investigation into the complaint had been instituted and the procurement action file was submitted to PPDA on 4<sup>th</sup> April 2018.

## 2.0 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 27<sup>th</sup> October 2010 on Illegal Collection of Revenue from Unprocessed Agricultural Produce while in Transit.

## 3.0 OBJECTIVE OF THE INVESTIGATION

The objectives of the investigation were to establish whether:

- i. The procurement for collection and management of matooke and other cereal agriculture produce loading fees was in accordance with the law; and
- ii. Local revenue was collected using illegal road blocks on the UNRA Road High Way.

## 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 25<sup>th</sup> and 27<sup>th</sup> April 2018 as shown in the Table below.

**Table 5: Persons met by the Authority**

No	NAME	DESIGNATION
1.	Mr. Donath Eswilu	Chief Accounting Officer
2.	Mr. Aloysius Karugaba	Chairman Contracts Committee
3.	Mr. Kenneth K. Magomu	Senior Assistant Secretary
4.	Mr. Frank Kamwiine	Procurement Officer
5.	Mr. Samuel Twinomugisha	Senior Assistant Secretary
6.	Mr. Jeremiah Kamurari	District Chairperson

## 5.0 FINDINGS OF THE AUTHORITY

### 5.1 Whether the procurement for collection of loading fees from matooke and other cereal agriculture produce was in accordance with the law

1. The complainant alleged that the tender was never advertised anywhere and the current provider was not among the prequalified district/sub county firms.
2. The Entity's Contracts Committee on 15<sup>th</sup> June 2017 approved the delegation of authority for the procurement of collection of local revenue from matooke and cereal produce loading fees to Kikagate Sub- County, Rugaage Sub- County, and Ngarama Sub- County with effect from 1<sup>st</sup> August 2017.
3. The Chief Administrative Officer authorised the three Sub-Counties to procure firms/individuals to collect local revenue from matooke and cereal produce loading fees on 1<sup>st</sup> July 2017.
4. Regulation 32 of the Local Governments (PPDA) Regulations 2006 state that "*a procuring and disposing entity shall use any of the following practices and methods*" :
  - a) *Pre-qualification*
  - b) *Registration*
  - c) *open national bidding*
5. The Authority noted the three SubCounties advertised locally on notice boards while inviting potential bidders for collection and management of local revenue from matooke and cereal produce loading fees contrary to use of the open national bidding method which was approved by the Contracts Committee. Open national bidding method require the bid notices to be advertised in media of wide circulation in accordance to Regulation 36 of the Local Governments (PPDA) Regulations, 2006.
6. However, the Procurement Officer informed the Authority that since these were low cost procurements, the notices were displayed on the Sub-County notice boards and the district notice board instead of a media of wide circulation.
7. The Authority further noted that bids were received, evaluated and awarded to the one bidder as indicated in Table 6 below:

**Table 6: Awarded revenue sources**

No	Sub County	Best Evaluated Bidder
1.	Kikagate Sub County	Renad Investments Limited
2.	Rugaaga Sub County	Renad Investments Limited
3.	Ngarama Sub County	Renad Investments Limited

8. The District Council Meeting held on 25<sup>th</sup> October 2017 approved that markets should be forwarded to the Procurement and Disposal Unit for tendering. The Chief Administrative Officer reported that delegated authority was given to Sub County Chiefs and Town

Clerks to handle procurement of revenue collection from matooke and cereal produce loading fees.

9. The Authority noted that although Renad Investments Ltd, the best evaluated bidder in the collection and management of local revenue from matooke and cereal produce loading fees for the 3 Sub-Counties was not a prequalified firm with the Entity, this was not a requirement under the opening national bidding method that the Entity used. The Contracts Committee delegated the function of sourcing a tender for collection and management of matooke and other cereal agriculture produce loading fees to 3 Sub-Counties.
10. The Authority noted that though the Best Evaluated Bidder (Renad Investments Ltd) was not prequalified, this was not a requirement under the open national bidding method that the Entity used.
11. The procurement process for collection of loading fees from matooke and cereal produce by three Sub-Counties was in accordance to the Local Governments (PPDA) Regulations 2006.

## **5.2 Whether local revenue was collected using illegal road blocks on the UNRA road high way.**

1. The complainant alleged that the Entity used illegal road blocks on the UNRA highway of Isingiro-Kikagati Road contrary to the Presidential directive on illegal use of road blocks/check points to collect local revenue.
2. In a letter dated 4<sup>th</sup> April 2018 from the Chief Administrative Officer Isingiro responding to the allegations from the District Chairperson, he clarified that:
  - i. The road blocks were mobile checkpoints as measures to ensure compliance arising from the actions of the District Chairperson who had incited tax payers to beat up tax collectors. It was also done as a measure to ensure that farmers who do not take their produce to the markets are taxed since only the matooke on bicycles was taxed as opposed to those on Lorries who don't sell in the local markets but rather transport them to other districts.
  - ii. The District Chairperson had been interfering in local revenue collection: he indicated the district chairperson opened up markets single handedly without consulting the district.
3. The Chief Administrative Officer informed the Authority that the traders had shunned markets which were constructed by the District Chairperson. Endinzi was the only Town Council with functional markets in the district. Therefore the district resorted to collecting revenue on community access roads in a bid to raise revenue for the district.
4. The Authority noted that collection of loading fees on UNRA highway or on community access roads by the Entity was contrary to the Circular issued by the Ministry of Local Government on 27<sup>th</sup> October 2010 on Illegal Collection of Revenue from Unprocessed Agricultural Produce while in Transit. The circular states that "*It is illegal for local*

*governments to collect taxes on agricultural products at road blocks while in transit to established markets”.*

5. In light of the above, the Authority found that the Sub- Counties were collecting Loading fees using illegal road blocks on the UNRA High Way contrary to the Circular issued by the Ministry of Local Government on 27<sup>th</sup> October 2010 on Illegal Collection of Revenue from Unprocessed Agricultural Produce while in Transit.

## **6.0 OBSERVATIONS**

The Authority observed that there was political interference in revenue collection in all the SubCounties in the district from the District Chairperson according to the Council meeting held on 25<sup>th</sup> October 2017. Earlier on 20<sup>th</sup> December 2017, the Finance, Planning, Administration and Investment Committee made recommendations to the District Chairperson to desist from engaging in revenue collection activities.

## **7.0 RECOMENDATIONS**

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

1. The Entity should ensure there is no collection of local revenue on the UNRA highway or community access roads contrary to the Circular issued by the Ministry of Local Government of 27<sup>th</sup> October 2010 on Illegal Collection of Revenue from Unprocessed Agricultural Produce while in Transit but in gazzetted matooke markets; and
2. The Chief Administrative Officer should request the Authority for capacity building of the various stakeholders in the district to appreciate their roles and responsibilities.