



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

**INVESTIGATION REPORT INTO ALLEGED IRREGULARITIES IN
THE AWARD OF THE TENDER FOR MANAGEMENT OF LIRA
MUNICIPAL MAIN MARKET REVENUE COLLECTION**

ENTITY : LIRA MUNICIPAL COUNCIL

**COMPLAINANT : LIRA MUNICIPAL MARKET VENDORS SACCO
LTD**

February 2019

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ACRONYMS

HPDU	-	Head Procurement and Disposal Unit
LTD	-	Limited
PPDA	-	Public Procurement and Disposal of Public Assets Authority
TC	-	Town Clerk
UGX	-	Uganda Shilling

1.0 SUMMARY OF FACTS

1. On 23rd April 2018, the Municipal Council initiated the procurement for revenue collection from Lira main market gate fees with an estimate of UGX300,000,000 per year.
2. On 1st June 2018, a bid notice for the revenue collection from market fees in the four divisions of Lira Municipality was published in the New Vision Newspaper with a deadline of bid submission of 22nd June 2018.
3. On 8th June 2018, the Entity held a pre- bid meeting for prequalification of providers for FY 2018/19.
4. On 18th June 2018, solicitation documents for collection of market dues in Lira main market were issued to Lira Joint Market Association Ltd, Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited and Lira United Market Vendors Uganda Ltd.
5. On 22nd June 2018, the Entity received and opened bids from Lira Joint Market Association Ltd, Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd and Lira United Market Vendors Uganda Ltd. The prices read out are in Table 1 below:

Table 1: Record of Bid Opening

S/No	Bidder	Prices Read Out (UGX)
1.	Lira Municipal Market Vendor Co-operative saving & Credit Society Ltd	27,000,000
2.	Lira Joint Market Association Ltd	26,800,000
3.	Lira United Market Vendors Uganda Ltd	26,400,000

6. On 4th July 2018, the Evaluation Committee recommended contract award for the collection of revenue from Lira Main Market daily market dues to Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd at UGX 27,000,000 per month.
7. On 11th July 2018, the Town Clerk, Lira Municipal Council, communicated the results of the due diligence on the contract for collecting market fees to the Head Procurement and Disposal Unit (HPDU), Chairperson Evaluation Committee and Chairperson Contracts Committee in accordance to the PS/ST's circular to all Accounting Officers, Ref: FAD154/308/01 issued on 7th August 2014.
8. On 19th July 2018, Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited complained to Town Clerk, Lira Municipal Council, that Lira main market has more than ten associations with three (3) SACCOs who they always compete for the contracts but Lira Municipal always consider only one company during award of the contracts.

9. On 26th July, 2018, Town Clerk informed Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited in respect to collection of market dues for FY 2018/19 that the law, policy and guidelines in regards to the tender for collection of market dues will be applied.
10. On 30th July 2018, Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited submitted their complaint to Authority alleging irregularities in the award of the tender for management of Lira Municipal main market revenue collection.

2.0 OBJECTIVES OF THE INVESTIGATION

The objectives of the investigation were to establish whether:

- i. The bid by Lira Municipal Market Vendor Co-operative saving & Credit Society Limited was properly evaluated.
- ii. The notice of best evaluated bidder was displayed and communicated to all bidders.

3.0 LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act, 2003.
- ii. The Local Governments (PPDA) Regulations, 2006.
- iii. The Government Policy Decisions on the Management of Markets in the City, Municipalities and Towns.

4.0 METHODOLOGY

4.1 Review of the following documents:

- i. Requisition Form;
- ii. Bid Notice;
- iii. Solicitation document issued to bidders;
- iv. Record of issue of solicitation document;
- v. Record of receipt of bids;
- vi. Record of bid opening;
- vii. Bid documents submitted by bidders;
- viii. Evaluation report;
- ix. Contract; and
- x. Correspondences relating to the procurement.

4.2 Persons met by the Authority

The Authority met the following persons on 20th August 2018:

Table 2: Persons met by the Authority

No.	Name	Organization	Title
1.	Mr. Abirebe Assy Tumwesigire	Lira Municipal Council	Town Clerk
2.	Ms. Stella Adong Night	Lira Central Division	Central Division Speaker
3.	Mr. George Isaac	Lira Central Division	Accountant
4.	Mr. Edwoka Bazil	Chairperson	Lira Main Market

No.	Name	Organization	Title
			Vendors Umbrella Association
5.	Mr. Jimmy Okello	Lira Municipal Council	Senior Internal Auditor
6.	Mr. Benard Ochen B.	Lira Municipal Council	Head Procurement and Disposal Unit
7.	Mr. Geoffrey Ogwal	Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd	Member
8.	Mr. Moses Oroch	Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd	Member
9.	Mr. Walter Abure	Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd	Member
10.	Mr. Geoffrey Okot	Lira Municipal Market Vendor Co-operative Saving & Credit Society Ltd	Member

5.0 FINDINGS BY THE AUTHORITY

5.1 Whether the bid by Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited was properly evaluated

- i. The complainant alleged that Lira Municipal Council unlawfully eliminated it from the bidding process and awarded the contract to Lira Joint Association Limited headed by Mr. Edwoko Bazil.
- ii. Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited participated in the procurement process for the revenue collection of market dues from Lira Main Market and emerged the best evaluated bidder.
- iii. The Evaluation Committee recommended contract award to Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited on 4th July 2018 at UGX 27 million. However, there was no evidence of award of tender by the Contracts Committee.
- iv. The Town Clerk Lira Municipal Council conducted a due diligence on the bid which established that one of the Directors of Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited and donor to the Powers of Attorney Mr. Okot Geoffrey is a councillor (identification number LCD/LMC/005) at Lira Central

Division representing the Youth contrary to Regulation 20 (2) of the Local Governments (PPDA) Regulations, 2006.

- v. The Authority met Mr. Okot Geoffrey who confirmed that he is the chairperson and donor of the Powers of Attorney of Lira Municipal Market Vendor Co-operative saving & Credit Society Limited and a Youth Councillor at Lira Central Division. The Evaluation Committee basing on the above did not recommend award of contract to Lira Municipal Market Vendor Co-operative Saving & Credit Society Limited, hence the complainant was rightfully eliminated. However, the second-best evaluated bidder (Lira Joint Market Association Ltd) should have been considered instead of awarding the contract to a company which had not participated in the procurement process.
- vi. The Authority found that the Entity properly evaluated the bid of Lira Municipal Market Vendor Co-operative saving & Credit Society Limited and was rightfully eliminated after a due diligence found that one of the Directors of the SACCO and donor to the Powers of Attorney, Mr. Okot Geoffrey is a Councillor at Lira Central Division representing the youth contrary to Regulation 20 (2) of the Local Governments (PPDA) Regulations, 2006.
- vii. The Authority also found that the contract for revenue collection from Lira Main Market was awarded to Lira Main Market Vendors Umbrella Association which had not participated in the process for the revenue collection of market dues from Lira main market.

5.2 Whether the notice of best evaluated bidder was displayed and communicated to bidders

- i. The complainant alleged that the Entity did not display and communicate to the unsuccessful bidders the results of the evaluation process.
- ii. The Authority found that there was no evidence that Entity displayed and sent the Notice of best evaluated bidder. to all the unsuccessful bidders the notice of best evaluated bidder contrary to Regulation 85 (3) (5) of the Local Governments (PPDA) Regulations, 2006. This was further confirmed by the procurement officer.

6.0 OBSERVATION AND STATUS OF THE PROCUREMENT

- i. The Authority noted that on 1st October 2018, the Town Clerk Lira Municipal Council extended non- existing contract for three months from August to October 2018 with Lira Main Market Vendors Umbrella Association. Despite the expiry of the contract period, Lira Main Market Vendors Umbrella Association was by the time of our visit in December 2018 still collecting market dues on behalf of the Lira Municipal Council

- ii. The Authority noted that the contract for revenue collection from Lira Main Market was awarded to Lira Main Market Vendors Umbrella Association which had not participated in the process. Furthermore, there was no evidence of another procurement process conducted to award the contract for the revenue collection of market dues from Lira Main Market to Lira Main Market Vendors Umbrella Association.
- iii. The Authority also verified the Income Tax Clearance certificate for the three companies that participated in the bidding process for the tender for revenue collection of Lira main market and found that Lira United Market Vendors Limited had an invalid Income Tax Clearance Certificate number (LI02182889033).

7.0 RECOMMENDATIONS

In accordance with Section 9 of the PPDA Act, 2003, the Authority recommends that:

1. The Permanent Secretary, Ministry of Local Government tasks the Town Clerk, Lira Municipal Council then to show cause why disciplinary action should not be taken against him for signing contract with association which never participated in the bidding process.
2. The Town Clerk, Lira Municipal Council tasks the Head Procurement and Disposal Unit, to show cause why disciplinary action should not be taken against them for failure to display NoBEB and communicate results to unsuccessful bidders.
3. The Mayor Lira Municipal Council should task Mr. Okot Geoffrey to show cause why disciplinary action should not be taken against him for participating in the procurement process despite being a Councillor at Lira Central Division representing contrary to Regulation 20 (2) of the Local Governments (PPDA) Regulations, 2006.
4. The Entity re-tenders the procurement for management and revenue collection of market dues from Lira Main Market in accordance with the Government Policy Decision on Development and Management of Markets in the City, Municipalities and Towns, 2007.
5. The Entity should formally recommend Lira United Market Vendors Limited that submitted an invalid Income Tax Clearance Certificate to the Authority for suspension in accordance with Section 94 (a) of the PPDA Act, 2003.